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THE AMERICAN ENTERPRISE

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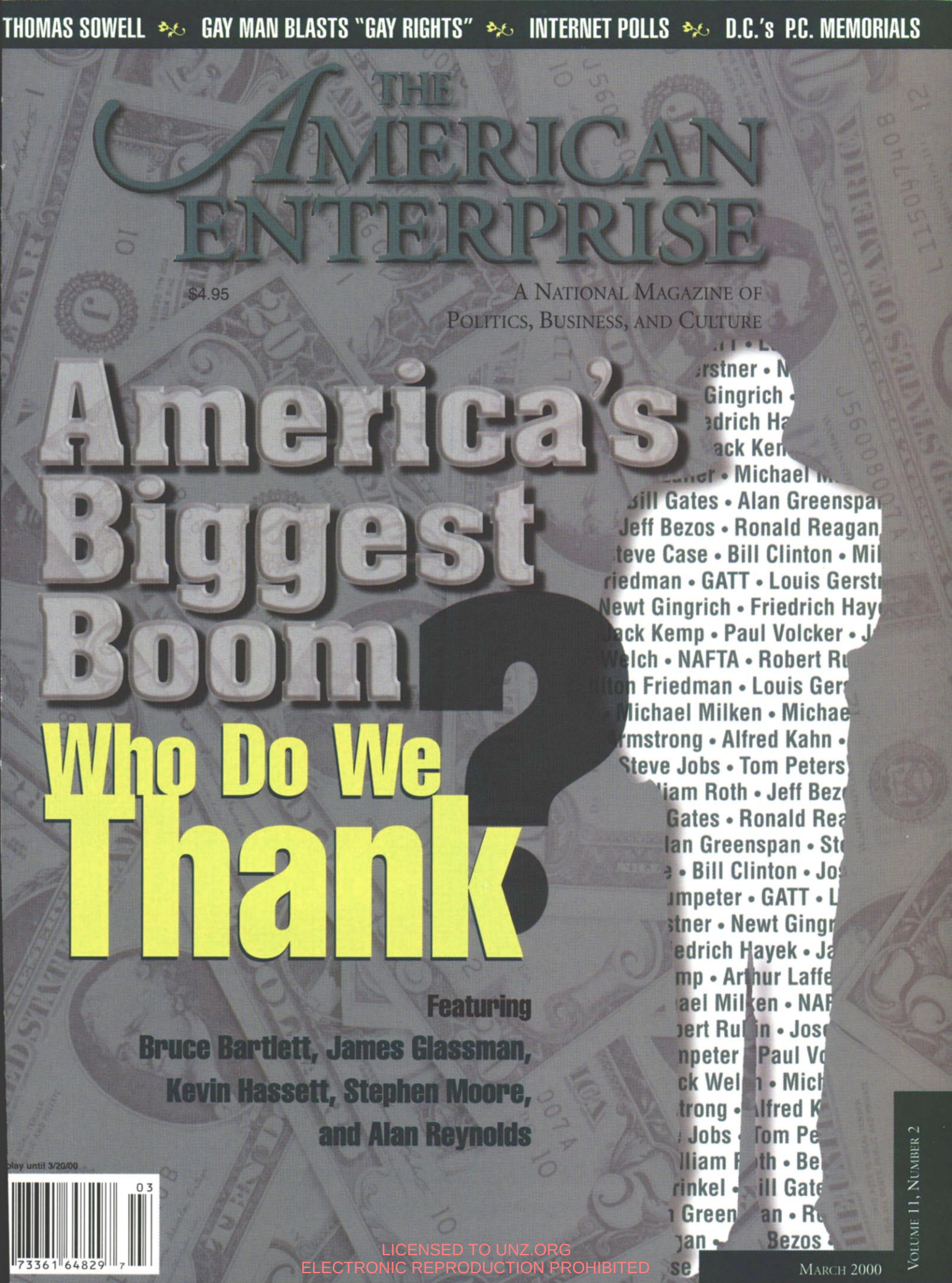
A NATIONAL MAGAZINE OF POLITICS, BUSINESS, AND CULTURE

America's Biggest Boom?

Who Do We Thank

Featuring

Bruce Bartlett, James Glassman, Kevin Hassett, Stephen Moore, and Alan Reynolds



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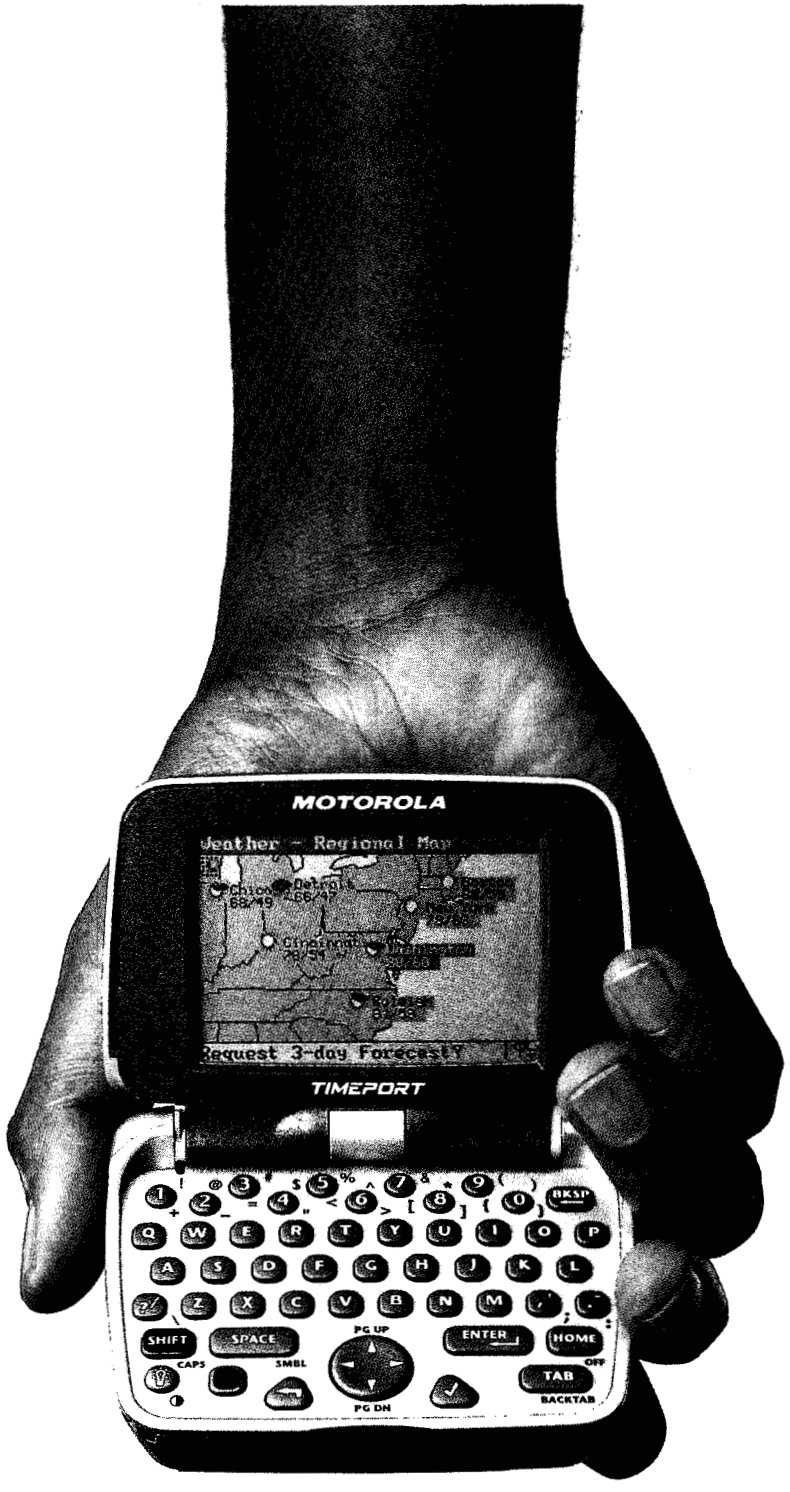

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THE AMERICAN ENTERPRISE

A National Magazine of Politics, Business, and Culture

March 2000 Vol. 11, No. 2

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AP Photo/Joe Marquette

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Bird's Eye

KARL ZINSMEISTER

No Thanks to Them

"Future historians may well mark the mid-1980s as the time when Japan surpassed the United States to become the world's dominant economic power."
—Harvard professor Ezra Vogel, 1986

"America [is] on the verge of losing its middle class."
—Joint Economic Committee of Congress, 1986

"The task facing American statesmen over the next decades...is a need to manage affairs so that the relative erosion of the United States' position takes place slowly and smoothly."
—Yale professor Paul Kennedy, 1987

"The 1980s and 1990s may be remembered, with bitterness, as a turning point in America's fortunes—a period of transition when we took the British route to second-class economic status." *—former U.S. Commerce Secretary Peter Peterson, 1987*

"Our competitive strengths are no longer great enough...to support our living standards at full employment." *—economist John Kenneth Galbraith, 1992*

"Most people are working harder for less...others cannot work at all." *—Bill Clinton, 1993*

"As mass unemployment keeps rising and wages stagnate, it is bizarre to watch governments pursue freer trade, more deregulation, limitations on government, balanced budgets, and privatization, as if a free market would somehow restore high growth and full employment." *—economist Robert Kuttner, 1994*

"Japan is still on track to overtake the United States by the year 2000."
—Atlantic Monthly *contributor Eamonn Fingleton, 1995*

"Chronic federal budget deficits stretch as far as the eye can see, reaching an estimated $300 billion in 1999, and $500 billion by 2005." *—Congressional Budget Office, 1995*

"American workers are facing an unrelenting angst that is shattering people's notions of work and self and the very promise of tomorrow." —New York Times, *1996*

"Call it 'in-your-face capitalism.'... The '90s is the first time white-collar workers have been slaughtered en masse.... Something is just plain wrong." —Newsweek, *1996*

"There is something terribly wrong, terribly un-American about the fact that the economy's prosperity is bypassing most full-time workers."
—Clinton administration Secretary of Labor Robert Reich, 1996

"We're in a quiet depression...a storm is coming." *—Senator Edward Kennedy, 1996*

Now that the American economic fizz which began in 1982 has shattered all existing records, many commentators are making it seem that our present golden position was reached through comfortable consensus. Don't believe it.

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AMERICA PICKED UP THE MEDICINE BOTTLE BRAVELY AND TOOK A HARD SWALLOW.

As the quotes to the left indicate, huge parts of our political, academic, and media establishments had to be dragged kicking and screaming to get the nation on its current course. And at numerous points over the last two decades we were pushed toward policies that, if adopted, would have grounded today's economic meteor.

Remember the buzz words? In the 1980s there was a big panic that America was "deindustrializing." The solution? More government subsidies and controls that would shelter and force-feed old industries like steel in "government-private partnerships." The role models were the Japanese bureaucrats and European socialists busy shoveling corporate welfare at their companies. Fans of government steering of the economy nearly succeeded in setting up similar white elephants here in America.

As Ronald Reagan and Fed Chairman Paul Volcker went to work to squeeze Jimmy Carter's 14 percent stagflation out of the economy, the resulting unemployment spike inspired another panic. Labor unions and their political hacks began caterwauling about an "infrastructure" crisis. To normal human beings, it was never clear what the promoters of this concept meant by "infrastructure," but Dan Rather and other Chicken Littles in the media gave us lots of close-up camera shots of rusty highway bridges, especially during the presidential campaigns of Walter Mondale and Michael Dukakis, accompanied by scary talk about how collapsing concrete and soon-to-clog sewers made us "uncompetitive." The solution promoted was good old-fashioned government make-work projects on a mucho-billion dollar scale. This antique thinking was sold with shiny new rhetoric about how if we didn't open the federal spending taps to repave a lot of roads and expand some harbors we would end up economic dust under the heels of those wise, public-funds-ladling Japanese, Germans, and Scandinavians.

Later in the '80s and early '90s, as international trade picked up, there was hysteria not only from the usual economic reactionaries of the Left, but also from parts of the Right. The new rage was against "factory closings," and mergers, and the fact that—sakes alive—paternalistic old firms like Woolworth, U.S. Steel, and Unisys were getting their sleepy heads handed to them by new companies, "raider investors," and some uncouth buccaneer capitalists who didn't even own proper headquarters towers in Manhattan—like Wal-Mart (Arkansas!), Nucor (North Carolina), and Dell (Texas). Even more vilified were foreign firms who slyly attacked the U.S. by bringing high quality goods here to "dump" on us at low prices.

Politicians and academic saviors had lots of ideas about what Washington needed to do in response. Ted Kennedy, Bill Clinton, and his Labor Secretary Robert Reich proposed setting up special lower tax rates for "Most Favored Companies"—those "avoiding layoffs designed simply to maximize profits." House Minority Leader Richard Gephardt wanted to categorize corporations as "good" and "bad," and forbid the government from buying anything from the "bad" firms.

This decade-and-a-half of hideous whining and misinformation—most of it counterattacks against the new pro-free-market policies launched by the Reagan administration—reached its crescendo in the mid-1990s. For example, there was the seven-part series of articles run by the *New York Times* in March 1996—the longest piece of journalism they had published since the Pentagon Papers in 1971. At a time when the U.S. unemployment rate was a little over 5 percent, the paper ranted hysterically about economic "trauma" and human "loss of identity" caused by allegedly ruthless corporate restructurings. One of the reporters informed readers that working on the stories had tested his "high threshold for tears."

Hundreds of similar moans were launched heavenward at that time by other reporters and politicians anxious to meddle in the economic reformation then underway in America. (See James Glassman's discussion on page 26 of a particularly egregious *Newsweek* cover story.) In these attempts to stoke class resentments, feed fears of competition, and pick arguments with businesspeople, no rhetoric was considered too misleading or inflammatory by the potboiling activists.

That's where our national economic "consensus" was as recently as just three years ago.

Thank goodness, defenders of economic freedom were able to fight off the many shades of interventionists who attempted over the last two decades to assert control over the American economy. As a result, we're enjoying an economic summer like none ever before experienced—instead of being stuck with a Novocained, state-manipulated economy like the Japanese and Europeans suffer under, where growth is anemic to nonexistent, and workers suffer unemployment rates twice as high and more.

Save for a few months of recession in the early '90s, linked to the savings-and-loan cleanup, we've had 18 years of remarkable prosperity. This has done wondrous things for the nation. It's drawn millions of welfare recipients into the workforce. It has eliminated the federal deficit. Burdens have been lifted and new opportunities opened for millions of everyday Americans.

Eventually we'll have one of the cyclical downturns that any fluid economy occasionally experiences. But we'll never lose the remarkable ground that has been gained over the last 18 years. Thousands of new firms, millions of productive new processes and products, and whole new ways of living and doing things have been invented by our gushingly fertile private economy. Back in 1980, not even the sagest of gurus could have dreamed up these developments—much less stage-directed them. But thanks to millions of independent inventors and business managers they're now here to stay.

Not surprisingly, the *New York Times, Newsweek*, CBS, and their political compadres have today fallen strangely quiet on the subject of economic trauma. Their new crusades to save America from itself center around riper targets like disagreeable Christian conservatives and spooky chemicals tainting the food supply. *Not one* alarmist of the America's-sky-is-falling-and-Japan-is-going-to-eat-us school has yet muttered those three magical little words: "I was wrong." Until a few of them do, their credibility as analysts and seers ought to stay right at zero.

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If the crew just described were the narrowly thwarted villains of this story, who are the heroes? Well, that's what the rest of this issue of *The American Enterprise* sketches out. Happily, there is credit to share in many places. Eventually, some may even trickle down to the guy who started it all: Ronald Reagan. (Reagan's joke to the White House Correspondents' Association dinner that "It's my job to solve the country's problems, and it's your job to make sure no one finds out about it" was more true-to-life than he might have wished.)

Our current President, Bill Clinton, also deserves some credit. He brought in a solid Treasury Secretary in the person of Robert Rubin, and he allowed Alan Greenspan to do his priestly work unmolested. (See the excellent essays by Kevin Hassett and Bruce Bartlett that begin on page 18.) But as AEI economist John Makin summarizes, "the main contribution of Clintonomics was to do relatively little harm to the favorable economic environment he inherited."

The most important contributors by far to today's rolling economic boom don't live in Washington, though. They are the thousands upon thousands of mostly anonymous problem solvers running America's rippling private businesses. (See pages 26-29.)

Having just ripped the media and liberal technocrats for their quailing response to the economic readjustments of the 1980s and '90s, let me acknowledge that those adjustments *did* inflict some turmoil. The big question then—and now—is: How should society handle such economic transitions?

An army of nursemaids on the left wanted to take control of the process and nose-wipe the victims. A smaller brigade marching up from the right behind leaders like Pat Buchanan likewise concluded that in order to "take care of our people," America's seemingly runaway economic processes would have to be bridled in from D.C.

In the end, though, most Americans decided the government shouldn't much interfere. Still clinging fairly sturdily to concepts like self-reliance, adaptability, and competing to win, we picked up the medicine bottle and took a hard swallow. Economic dead wood was cut out. Thousands of families moved and started afresh.

Between 1983 and 1993, the U.S. corporations represented in the *Fortune* 500 reduced their payrolls by 18 percent. If you were one of the three-million-plus people let go, there was some real hurt involved in that. (Though studies show most job losers eventually rebound into *better* situations.)

Meanwhile, at those same restructuring companies, inflation-adjusted profits increased 57 percent as a result of their tough actions. And contrary to what academic and media pinks would have you believe, those increased earnings didn't go into diamond tiaras and Bentley automobiles. They were plowed into new business investments: computers, factory machines, new plants, research labs, employee training, and so forth. Business investment surged by nearly 50 percent in the '80s, then almost doubled again during the 1990s. (See the graph on page 29.) This blast of business aggression caused output and productivity to pop, and helped American firms pound competitors all around the globe.

Was it a mistake to keep the state out of these hard decisions that led to America's economic revival? Hell no. We should all get down on our knees and give thanks for the failure of those many proposals that would have had big government (or big mama corporations operating under government fiat) propping up frail U.S. farmers, steelworkers, and phone company managers at their familiar places. The rich benefits we're reaping now result directly from the bravery of everyday Americans in facing up to necessary changes during the 1980s and 1990s.

Leon Trotsky called the United States "the furnace where the future is being forged," and it's easy sometimes, when you're staring into that bubbling cauldron, to see nothing but turmoil. People with a little imagination, and patience, and understanding of history, however, will understand that what's taking place amidst the dirtiness and dangers of the foundry is fresh creation. And sometimes we have to throw an old ingot into the smelter to recycle it into something better. Recall that of all the blue-chip companies included in the original Dow Jones Industrial Average a hundred years ago, only one has survived to today. The rest either went out of business or were merged into some other enterprise. Understanding that this is how economic creation and progress work, we must face business evolutions confidently, and avoid the temptation to try to manage them from a throne chair.

A few years ago, economics writer Robert Samuelson observed that there "is a contemporary consciousness, shared by many journalists, that assumes that people are entitled to life without worries, setbacks, or conflicts—and that anything less is a 'crisis.'" Yet if we allow ourselves to fall into the view that "every personal angst or societal defect merits public sympathy and maybe a governmental solution," Samuelson worried, we will become paralyzed and unfree.

We will also eventually become very poor. When I hear protectionists and enemies of economic competition railing against free-market policies that sometimes result in managers and workers being fired, and even whole firms being dissolved, I think of Herbert Spencer's warning that "the ultimate result of shielding men from the effects of folly is to fill the world with fools."

Our openness to ferocious competition and our willingness to roll with fate's punches has left America in a very healthy position today. We've prospered essentially by inviting all comers to step up and take their best shots at our reigning champions. A fair number of Goliaths have recently tumbled over dead; but our collective economic fighting force has never been so well toned. America has not been a sheltering nation in the past, and will not remain prosperous if we grow timid and try to become one in the future.

The lessons of today's prosperity for future molders of economic policy are clear: When it comes to the specifics of business, *Hands Off!* Government must control the money supply, manage taxing and its own expenditures sensibly, apply fair rules equally, and help American children grow up into educated and productive citizens (a responsibility it's currently fumbling badly). But government must resist the temptation to become involved in enterprising.

There is a joke about a man who comes home and finds his

BIRD'S EYE *continued on page 17*

IN OUR NEXT ISSUE

Ideas and People of the 2000 Election

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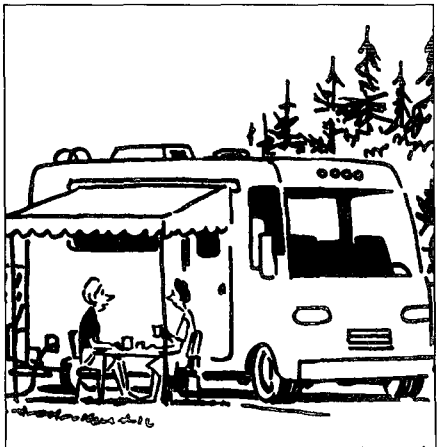
Sidelights

Communist Unification Rule Over All is a new and growing Russian religious movement dedicated to the mystical deification of past Communist rulers. Teaching that Christ and Lenin are reincarnated in Russia today, it sees the "class enemy" as "negative energy" and the "class ally" as a healthy lifestyle that emphasizes "purity of the bowels." ❧ Cleveland's school voucher program was recently quashed by a federal judge who claimed it unconstitutionally "established" religion. Meanwhile, students enrolled in the popular program attend schools "more racially integrated than those in the Cleveland public school system...without sacrificing economic or religious diversity," a Buckeye Institute study has found. ··· A Harvard institute recently analyzed San Antonio's voucher program and found it "seems to be serving the working poor"—not "creaming" the top students out of the public schools. ❧ Some e-commerce facts from researchers at Intelliquest and Jupiter: Traffic on the Internet doubles every 100 days. ··· Over 40 percent of all U.S. adults surf the Net. ··· Web traffic to e-commerce sites is growing faster than any other category on the Internet. ··· "Hundreds of homeless shelters have installed computer labs in recent years that would be the envy of most high schools," reports the *Los Angeles Times,* which found numerous homeless persons working as e-entrepreneurs. ❧ *Slate* watched all the talking-head news shows the weekend the Senate voted down the nuclear test ban treaty and found that only **John McLaughlin**'s show discussed the actual issue: whether America still needs to test nukes. ❧ **Peter Singer**, a "bioethicist" famous for justifying infanticide, frequently castigates Westerners for not giving much more money to relieve world poverty. But when the *Washington Post* observed that the proportion of his income Singer donates is "considerably less than" what he urges on others, he replied, "It's something you work on." ❧ Labor shortages have led Arthur Andersen and other top firms to redouble efforts to approach potential employees as young as college freshmen or even high schoolers. ··· Retailers battling to hire extra employees this past holiday season took on new workers up to two months early. ··· After one month on the job, employees of Borders are eligible for stock options; merit-pay raises can be had after six months. ❧ **Warren Beatty**, movie star and presidential non-candidate, "would do more damage to the presidency than an Oval Office full of **Lewinskys**," one Hollywood producer told *Newsweek.* ··· Historic legacy: Polls by CNN/Gallup found that although only 35 percent of adults supported Clinton's impeachment in December 1998, 50 percent did in December 1999.

Presidential candidate **John McCain** told the Center for Military Readiness he would not change the current White House policy of "Don't Ask, Don't Tell" for homosexuals in the military. He also said that having women in combat units hasn't harmed readiness and that he would continue the policy of placing women in all combat positions except ground infantry. ❧ "No matter who controls Congress after the 2000 elections, I don't think you'll see any [additional] national controls on the flow and availability of guns," says **Robert Spitzer**, political scientist and author of *The Politics of Gun Control.* ❧ Almost 25 percent of Silicon Valley firms started since 1980 are run by ethnic Chinese or Indian immigrants, a University of California, Berkeley professor found. ··· When the most recent SAT scores of incoming freshmen were released, newspapers bemoaned the "ethnic gap" in achievement between whites and "nonwhites." But media critic **Scott Shuger** points out that Asian non-whites do not suffer a "gap"; he is particularly shocked the *Los Angeles Times'* story "never mentions the SAT performance of Asians, an omission which is stunning given Southern California's demographics." ··· Only 9 percent of U.S.-born Hispanics are most comfortable speaking Spanish, according to Strategy Research of Miami. ❧ The ACLU is attempting to keep professional baseball teams from giving an admission discount to people who bring a church bulletin of any imaginable kind. ··· Liberal Harvard law professor **Alan Dershowitz** says he's "appalled at the intolerance of many who share some of the views I myself hold. And I worry about the impact of politically correct intolerance on the generations of leaders we are currently educating." ❧ "The more hours a young child spends in child care, the less apt mom and child are to be attuned to each other," writes *USA Today* in a report on new research from "the country's premier child-care research project." Earlier reports from the same study were more positive, the paper notes. —*SW*



"Then, two years ago, we retired to the National Park System."

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SCAN

"I love this country. It has given me everything: Love, hope, and money."

—Jennifer Biribwamugumu, an African immigrant from Uganda, while selling flags and flowers to a crowd waiting for Bill and Hillary Clinton during their visit to Syracuse, New York.

IMPERIAL AIR

One of President Clinton's favorite jabs at Ken Starr was the complaint that the independent counsel's investigation of various White House corruptions had cost taxpayers the mighty sum of $40+ million.

Well, that's just a drop in a Whitewater hot tub compared to the way the Clintons have been burning through money for their office perks. Mr. and Mrs. Clinton (the many separate trips taken by our First Lady also go on the public tab) have taken far more world trips than any previous occupant of the White House, and more lavish ones. President Clinton spent 186 days out of the country in his first seven years (versus 84 days for Ronald Reagan in eight years).

Not long ago, the General Accounting Office (GAO) totaled up the cost of just three of the Clinton trips taken in 1998—one to Chile, one to China, and one to Africa (remember the President smoking cigars and banging on a bongo through the African night after he'd heard good news about the Paula Jones case?). This White House doesn't do their junkets small—a stunning party of 1,300 people traveled to Africa, 592 tagged along to Chile, and 510 went to China. And it turns out, the GAO says, that these three trips alone cost taxpayers $72 million.

For a sense of the iceberg that lies beneath that visible tip, consider that the President sojourned to nine other countries in 1998 alone. None of those costs were added up, nor were costs from other years (the GAO said it would be too huge a job). Moreover, the $72 million uncovered above *doesn't include the cost of the President's security* (which is classified), nor does it include the salaries for accompanying military personnel.

Guess where most of this money comes from? Sadly, 84 percent was taken directly out of the U.S. defense budget. Administration raids had already reduced military readiness to the point where we nearly ran out of cruise missiles in Kosovo. Senator Larry Craig (R-Idaho) notes that the money drained from Defense just for these three Clinton trips could have purchased 3,000 smart bombs.

We've complained in the past about a disturbing trend toward imperial spending and staffing at the White House (see *TAE* March/April 1999, p. 10).

May we suggest Congress use their authority to trim the budget for *Air Force One*, and stop letting the White House siphon funds out of basic training to send Hillary and Chelsea to Sri Lanka? If John McCain wants to act on his outrage that some military personnel now qualify for food stamps, putting the brakes to this runaway junket train would be a good place to start.

WE'RE STILL WAITING

Debating in 1988, the first time he ran for President, Al Gore made the following promise:

"My first pledge will be to restore integrity to the White House. And I'll fire anyone who has lied to the American people or the United States Congress."

AMERICAN HERITAGE

"Our national discussion about race is fundamentally dishonest. We're in a state of denial about behavior. For whatever reasons, the behavior of African Americans in the cities has been atrocious since the great migrations of mid-century. The statistics on this are incontrovertible. All the wishing in the world will not abolish it.

"A few weeks ago I was listening to National Public Radio and some interviewee was complaining about American inner cities being 'left to African Americans,' and I had a weird thought: What if the fabulous infrastructure of several major world cities on the order of Detroit or Baltimore had been left to another ethnic group? Might they have said, 'How marvelous! All this is ours! This great accumulation of civic amenity! What a blessing! What a basis for a great prosperous culture!'"

—**James Kunstler,** *on the Congress for New Urbanism Web site*

RACE BAITING AHEAD

While we hear often about the disadvantages facing African Americans, the truth is, blacks have many advantages over others (for instance immigrants) who aspire to "make it" in American society. They enjoy long familiarity with the common language, culture, and political and legal system. They share a Biblical moral vocabulary and religious tradition with the nation's mainstream. Their many contributions to American culture are viewed fondly by millions of other citizens. Since enfranchisement in the 1960s, blacks have advanced in many fields at least as rapidly as earlier groups.

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The main disadvantages of American blacks center around their susceptibility to family breakdown, the lack of a culture of reading and educational striving, inexperience with a market economy, few habits of personal savings and property accumulation, and a susceptibility to the modern scourges of drugs, violence, and over-consumption of junk media.

The main race remedy from today's liberal establishment—racial preferences—is useless in addressing any of these problems. What is needed instead are actions like a heavy emphasis on family unity and parental involvement in education; cultivation of a culture banishing television from the homes of young children and censoring media violence, as in Western Europe; intensive instruction in the ways of business; savings incentives for persons of modest means, including forced saving through privatized social security systems (as in Britain, Chile, and Singapore); fewer perverse incentives in our welfare, food stamp, and housing programs; and extension to our inner-city schools of the drug testing and treatment programs so effective in the U.S. military.

These approaches are constructive and curative, not divisive. Unfortunately, that makes them useless as political rallying cries. The tragedy today is that most civil rights activists have little interest in practical measures like these, because racial divisions and performance lags have become literally the foundation for their own professional livelihoods and clout. Well-meaning persons who would like to see all races functioning more equally must first get around the sad fact that many of the public figures now making racial pronouncements and demands have a personal interest in the maintenance of race wedges.

National Journal columnist Stuart Taylor recently catalogued a host of "inflammatory comments made by leading liberal Democrats" and concluded that "their efforts to smear and stereotype their adversaries as racists have become so routine as to seem unremarkable, and so common as to suggest a strategy of spreading fear and loathing among black voters." Al Gore's current campaign manager, Donna Brazile, recently fulminated that "A white-boy attitude is 'I must exclude, denigrate, and leave behind.'" Vice President Gore's standard campaign speeches invoke grisly, detailed descriptions of hate crimes, and compare persons skeptical of race preferences to hunters shooting at ducks.

Noting that both Al Gore and Bill Bradley (not to mention Senate candidate Hillary Clinton) are now courting Al Sharpton, Taylor rues the fact that "this hate-mongering racial demagogue has become a potent force in Democratic politics," and asks, "Is this the kind of leadership that fair-minded Democrats really want?"

—*Attorney* **George Liebmann** *is a* TAE *contributing writer.*

ENGLISH FIRST

Joanne Jacobs, a columnist for the *San Jose Mercury News*, opposed Proposition 227—the California initiative to end bilingual education—when it was on the ballot a couple years ago. But overwhelming evidence that children are now doing much better with speedy English immersion instead of bilingual teaching has changed her mind, and the minds of most other honest observers. After surveying the gratifying research findings, Jacobs wonders, "Where's the party?"

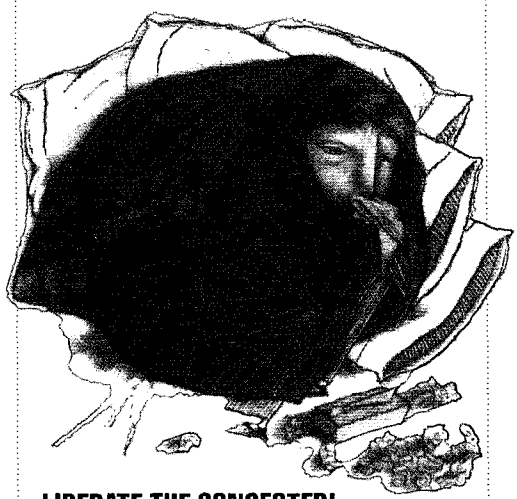
The *Mercury News* recently did the first statistical analysis of the effects of Proposition 227. The newspaper studied the test scores of limited-English-proficient students for the 1998-99 school year (the first under Proposition 227), and compared them to the preceding year, and found that "except for fourth-grade math, there was more progress in every grade in the English immersion schools" than in schools that retained bilingual classes.

The level of improvement was dramatic: At Miller Elementary in San Jose, for example, second-graders' reading scores leapt from the tenth percentile to the twenty-fourth. At Oceanside Unified in Southern California, which eliminated bilingual classes entirely, reading scores for limited-English second-graders rose in one year from the twelfth to the twenty-third percentile. The same students' math scores jumped from the 18th to the 32nd percentile.

The stakes in this debate are large: One in four children in California's public schools aren't proficient in English. That's one reason statewide test scores are miserably low.

Ron Unz, the Palo Alto businessman who led the charge against bilingual education, is ecstatic over this breakthrough: "After just seven months of the new Proposition 227 English curriculum, immigrant students have test scores 20, 50, or even 100 percent higher than those who remained in bilingual classrooms. If this isn't outstanding educational success, I can't imagine what is."

Despite the striking advances in student achievement, reporters found that "most" teachers remain afraid to come out in support of English-immersion curricula over bilingualism—for fear of attacks from bilingual advocates. Yet in the long run, Unz insists, "few people will remain opposed to an educational change which provides a very real possibility of as much as doubling the educational performance of immigrant students over just a few years."



LIBERATE THE CONGESTED!

Congress has recently been hearing consumer complaints against the 1992 law that made it illegal to buy any new toilet other than one of the new low-flush models that turn out to not work very well. Often requiring two flushes, or more, these devices increase frustration without saving water.

Well, now that cold season is here, we're hoping some great populist revolt

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will form to fight back against another do-good tyranny: The blister pack. You know—those plastic-and-foil cards on which Sudafed and other decongestants are now tightly encased, instead of being sold loose in more convenient pill bottles.

This isn't some sweet attempt at child-proofing. Those "blisters" that have to be painstakingly peeled and squeezed one at a time are intended to slow *adults* down. And the fact that the blisters are often maddeningly hard to pop the pills out of isn't an accidental side effect—it's their whole purpose!

You see, some small number of dopeheads apparently found they could make themselves stupid with a concoction brewed up out of Sudafed pills, which they would buy a hundred at a time to dump into their cookers.

As a result, the convenient packaging got pulled from store shelves, and now the only way you can get the active ingredient in America's favorite decongestant is in containers that are intentionally slow and painful to open. Be sure to carry your household scissors on that next midnight run to the bathroom to stanch your snuffles!

We say, let the dopeheads make themselves stupid and give the other 99.9 percent of the population back their convenience. If we don't stop this now, next thing you know they'll be selling cooking wine only in bottles stopped up with Rubik's Cubes. Free the Little Red Pills!

BATTLING THE TORT SHARKS

Cape May is a historic seashore town at the southern tip of New Jersey, full of beautifully kept nineteenth-century architecture. Normally hushed and peaceful, it is experiencing a grassroots uprising launched from the spindled front porch of Bob Quinn.

The view from Quinn's wicker chairs looks like a Victorian postcard. Stately Victorian "painted ladies," some in half a dozen colors, line both sides of the street, along with century-old sycamores and London planetrees that provide an inviting canopy. It's a perfect picture—except for two giant blue *X*s that have been sprayed on the landmark sycamore directly across the street.

You see, awhile back a truck delivering flowers ran into one of the oldest sycamores in town. Since then, two dozen or so more of the old specimens have been marked for cutting by city fathers terrified of a lawsuit. City lawyers warned that some of the old trees lean into the street, while others are pushing up sidewalks—thus creating an "actionable" circumstance.

The stately old trees are in the wrong century. In today's lawsuit-happy world, there's no safe space for their grand branches and reckless roots. Which is why liability-conscious cities across America are chainsawing such old friends. To reduce the threat of lawsuits, says Michael D'Errico of the state's Community Forestry Program, the "ultimate solution" is to take the trees down.

Cape May Mayor Bob Elwell explains that while the city is removing some of the old leaners in an effort to cut insurance claims and litigation, "we're replacing them." Yes, but with politically correct alternatives like damson plums, quanzan cherries, and bradford pears—unmajestic, unshady little sterile dwarfs that produce no fruit, no uprooted sidewalks, no fuss, no muss, no lawsuits. Problem is, argues Quinn, "the bradford pears and other legally correct insignificant trees are inappropriate substitutes for our 80-year-old sycamores." They bloom for a week and the rest of the year they're dull and puny. Every mall parking lot in Jersey has them. Or soon will, because they're "safe." But you would never drive hours to take a summer stroll among them.

"People have become quite passionate about all this," says Quinn. "You don't reverse 80 or 100 years in a snap decision." Which is why every Sunday on Quinn's front porch, there's a one-hour Save the Sycamores meeting. Other days, a petition sits on a chair on the front lawn, accumulating more than 700 signatures so far.

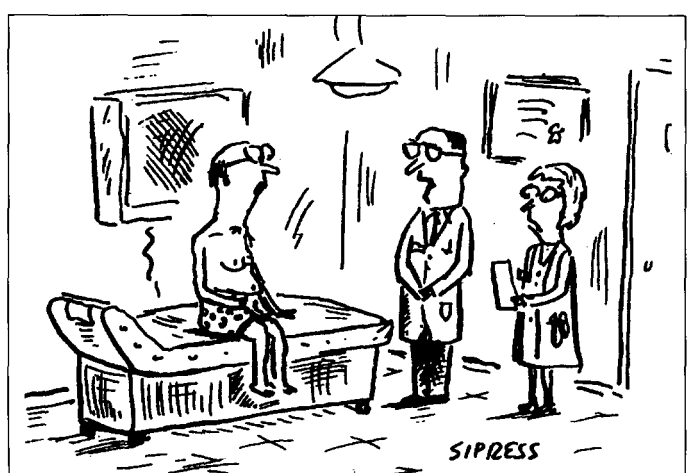
"Pity our landmark trees in an age of litigation," says Jonathan Maslow, a reporter for a south Jersey newsweekly. "They've been deemed a clear and present danger: Not as much to the motorists and pedestrians who might encounter them as to the city itself, which must defend itself against lawsuits and shell out scads of taxpayers' money for liability insurance.... We dare not permit a swim in the sea, or the drinking of raw apple cider, or the dispensing of a cup of hot coffee. We dare not leave a century-old tree for children to admire, for fear some shrewd lawyer on the make will find a novel way to hold us negligent. And they do, time after time. It has reached the point where lawyers tell us what kind of trees to plant."

—TAE *contributing writer* **Ralph Reiland** *teaches economics at Robert Morris College.*

IS COBBLESTONE ILLEGAL?

Remember Hollywood's Walk of the Stars, where celebrities have chunks of pavement in their honor? Well, New York City has something similar in front of a theater on St. Mark's Place. For 28 years, Joan Crawford, Dom DeLuise, Gloria Swanson, and other people famous for being famous have adorned the sidewalk by sinking their hand or foot prints and signatures into wet concrete.

But perhaps American ankles are weakening, for city bureaucrats recently decided the walkway is dangerous and needs to be paved over. The stars' signatures and prints are a violation of city regulations, they say, because they make the



"Before we begin, Dr. Hastings will read you your rights."

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surface uneven. "Somebody might trip," worried city Transportation Department spokesman Mark Patterson to the *New York Times*. (What would such a mind make of Venice's Piazza San Marco?)

Patterson also complained the theater's owners lacked a "distinctive sidewalk agreement" building permit. But when bureaucrats at the NYC Building Department were asked what this was, they said they'd never heard of it. At last word, the theater owner had been promised "meetings."

BURNING BOTH ENDS

The day after she was elected lieutenant governor of Massachusetts in 1998, less than three weeks after the birth of her daughter Elizabeth, Jane Swift said the question of whether women can combine full-time work with childraising "has long been settled." But recent revelations that Swift has misused state resources in order to ease the burdens of that combination have caused many Bay Staters to rethink her claim.

Swift was working in an obscure position at the Massachusetts Port Authority when she was tapped by Governor Paul Cellucci (R) to be his running mate. Cellucci, who has made it his administration's policy to appoint women whenever possible, crowed "Massachusetts will now have a working mother at the table every day, making policy decisions."

Swift's husband volunteered to stay home with their child when Swift was elected, but it was obvious Swift did not want to switch roles, allowing her husband to be the caretaker while she became the breadwinner. She wanted to "have it all," and remain a constant physical presence in her daughter's life as well. "I can't bear to have her very far away from me," she told the *Boston Globe*. This natural yearning for a strong mother-daughter bond soon caused Swift's downfall.

The *Boston Herald* reported that Swift ordered state police to helicopter her home for Thanksgiving because her daughter was ill; asked staff members to baby-sit her daughter (without pay) both at the State House and at her home; and requested that they give up vacation days to drive a U-Haul and help her move into her new home. Swift assured reporters the public employees enjoyed this, for her daughter is "adorable and engaging and she's learning to blow kisses."

Swift has since offered a half-hearted apology ("Maybe I should have come to this conclusion earlier"), and acquiesced to having the state's ethics board look into her helicopter jaunt. Voters are upset. And feminists are embarrassed.

Gail Collins asks in a *New York Times* column, "If a lieutenant governor with a partner who stays at home can't manage one baby without help from the office staff, what hope is there for the rest of the world?" The answer is clearly not one politicians like Swift and Cellucci and feminists like Collins are willing to face. Rather than repudiate the "have-it-all" dictum, Collins concludes her essay with a shrug: "Nobody said it would be easy." Further evidence of that fact has arrived in a Roper poll in which solid majorities of mothers who either had no outside job or worked at one only part-time said they were very satisfied with their lives, whereas three out of five mothers working full-time outside the home said they were not.

While it's possible to balance some jobs—ones which are part-time or allow telecommuting—with raising small children, perhaps we need more realistic expectations. Particularly for women who can't commandeer helicopters.

—**Naomi Schaefer** *is an assistant editor at* Commentary.

PULLING GOD'S LICENSE

There is still some speech in America so off-putting to federal bureaucrats that they're willing to restrict it: Expressions of sincere religious faith. That's the upshot of the recent *diktat* by the Federal Communications Commission that the majority of programming on non-profit TV stations may not be "primarily devoted to religious exhortation, proselytizing, or statements of personally held religious views."

The FCC coyly added, "church services generally will not qualify as 'general educational' programming under our rules." That "generally" means the FCC will now decide whether your church service is sufficiently "educational" for its liking. A dissenting FCC commissioner scornfully asked, "Would the performance of Handel's *Messiah* be primarily educational if it were performed at the Kennedy Center, but not primarily educational if it were performed in a church?"

The ruckus began last year when religious broadcaster Cornerstone TeleVision asked the FCC to permit it to transfer some operations from a commercial channel in Pittsburgh to a "noncommercial-educational" channel. The FCC deigned to agree to the transfer but immediately added the restrictions on nasty old religious programming quoted above.

Representative Michael Oxley (R-Ohio) decried the strictures as unconstitutional and, along with 45 fellow House members, threatened remedial legislation. For weeks, the FCC refused to budge. Cornerstone decided to withdraw its application for a license transfer rather than "sacrifice" its religious freedom. Finally, under mounting pressure, the FCC reversed its decision and Oxley claimed "total victory."

SURE THEY'RE IN FAVOR OF DIVERSITY

"Stanford's department of history has 22 Democrats but just two Republicans. Dartmouth's has 10 Democrats and zero Republicans. Cornell's has 29 Democrats and not a single Republican. Reflecting the sort of political diversity seen in Castro's Cuba and the ayatollah's theocracy, the University of Colorado, Boulder registers stupefying single-party numbers: In the departments of history, English, and philosophy, there are 68 Democrats but no Republicans. Of the 190 professors surveyed in the university's social sciences and humanities department, 184 are Democrats and six are Republicans. A nationwide poll from the early 1990s found 88 percent of 'public affairs' faculty identifying themselves as liberal, with 12 percent claiming to be 'middle of the road' and, remarkably, 0 percent opting for the conservative label."

—*Professor Paul Kengor,* Policy Review, *December 1999*

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Spotted on a Florida T-shirt:

Heaven is where...
the police are British
the chefs Italian
the mechanics German
the lovers French
and it's all organized by the Swiss

Hell is where...
the police are German
the chefs British
the mechanics French
the lovers Swiss
and it's all organized by the Italians

To make sense of the FCC's motivation in this matter, CNSNews.com quotes a "high-ranking source" at the FCC who says the agency has had religious broadcasters "in their sights" for a long time, hoping to "rein in" such clear and present dangers to the public. The FCC officially denies the charge, yet even Ellen Johnson, president of American Atheists, deplores the agency's attempted restraint on religious liberty as "bad law" which puts "the government in the position of determining what is and what is not acceptable religious speech."

HOLLYWOOD PROVES ITS PULL

When the home videos made by Dylan Klebold and Eric Harris before their Columbine rampage were recently leaked to the press, they showed in horrifying detail just how right critics were to point to trashy popular media as a spur to teenage decadence. Klebold and Harris rattled off the names of various vile movies, video games, and music to illustrate the deeds they were planning. They railed in the filthy language of soundtracks and videos. Harris called the shotgun he held "Arlene," in tribute to a character in the violent video game *Doom*, and he exulted over the coming violence: "It's going to be like f---ing *Doom*!" The two murderers even speculated whether it would be Steven Spielberg, Quentin Tarantino, or some other Hollywood director who would immortalize their bloody spree.

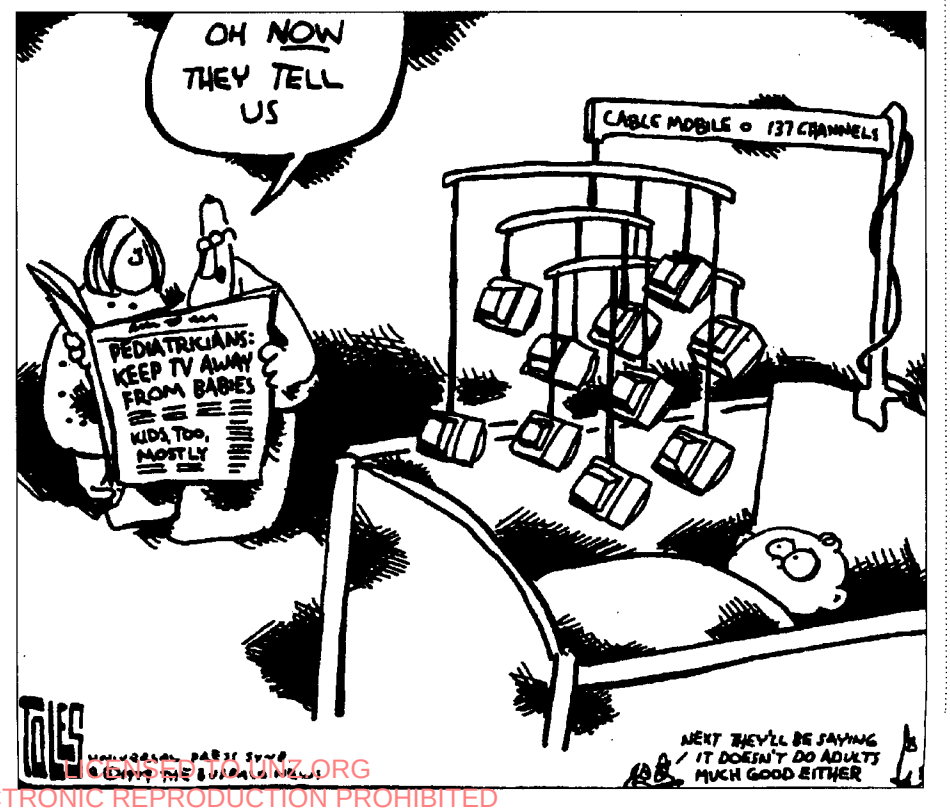
These revelations embarrassed Hollywood "entertainment" producers, who have vehemently denied they have any effect on youths, or that their products are linked to the increased vulgarity and violence of American society. To these hoary denials, Hollywood executives have recently added some vague promises to clean up their act anyway. But a report from the Center for Media and Public Affairs shows no reduction has so far occurred in the violence oozing out of Hollywood.

Researchers Robert Lichter, Linda S. Lichter, and Daniel Amundson looked at 573 music videos, films, and television shows, including all 248 dramas and comedies that premiered on the six broadcast networks, cable, and syndication during the 1998-99 season. They examined 189 music videos that played on MTV, the 50 highest-rated TV movies, and the 50 top-grossing films. They found 8,350 violent scenes—an average of a violent scene every four minutes. Over half the time, the violence involved serious or life-threatening acts: murder, kidnapping, rape, or assault with a weapon.

At a press conference, Robert Lichter said he was not flatly opposed to violence in films. The most violent film he studied, he pointed out, was *Saving Private Ryan*. But that picture showed the human consequences of violence. "It isn't violence alone that is dehumanizing; it's the use of violence as a commodity." Unfortunately, as one researcher who studied 5,000 movies found, less than 3 percent of current movies depict violence in a responsible, non-gratuitous fashion.

Lichter said he hoped Hollywood might voluntarily reduce the harm and ugliness of its products if the industry were subjected to public shaming. Public sentiment seems to be slowly gathering in this direction. Even a libertarian thinker like Charles Murray will now complain, "If there is an indictment of capitalism to be drawn up, I think it lies in the willingness of the music business, the television networks, and the film industry to put their formidable talents in the service of helping the values of the underclass culture become chic."

Lichter suggests that Hollywood start reforming by tightening its rating system so that films that currently receive PG or PG-13 ratings would get more realistic R or TV-14 ratings. These tougher standards, combined with more powerful V-chips in televisions, could help parents ensure their children aren't soaking up the kind of anti-social content that makes them dream of becoming pop-culture heroes by blasting other human beings to pulp



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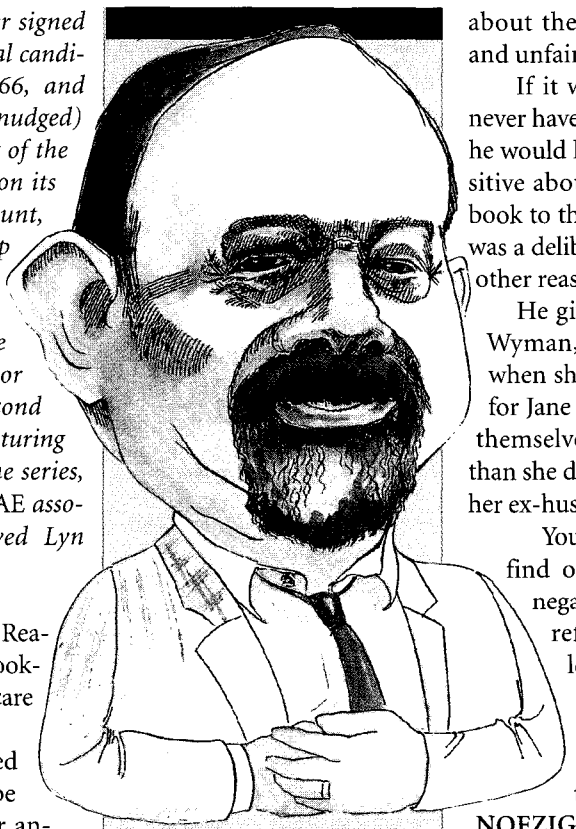
AN OLD-SCHOOL POLITICAL ADVISOR WHO WENT THROUGH THE WARS WITH RONALD REAGAN MULLS THE PRESIDENTIAL FIELD, TALKS ABOUT HIS FORMER BOSS, AND DISCUSSES HIS SECOND CAREER.

Lyn Nofziger

California newspaperman Lyn Nofziger signed on as the press secretary for gubernatorial candidate Ronald Reagan in February 1966, and though he periodically jumped (or was nudged) from the Reagan wagon train, for most of the next two decades he rode prominently on its right flank. Rumpled, wry, and blunt, Nofziger is from the pre-focus-group school of political operatives. Though he still dabbles in politics as an advisor to such figures as presidential candidate Steve Forbes and New Jersey Governor Christie Todd Whitman, Nofziger's second career is as a writer of Western novels featuring cowboy hero Del Tackett. The fifth in the series, The Tacketts, *has just been published.* TAE *associate editor Bill Kauffman interviewed Lyn Nofziger in Washington.*



I was not Nancy Reagan's idea of a proper Reaganite.

TAE: In *Dutch*, his recent biography of Reagan, Edmund Morris described you as "looking like a used sleeping bag." Would you care to characterize Morris's appearance?

NOFZIGER: No. I've always been amused at people who feel it necessary to describe my physical appearance in one way or another. That sleeping bag was a new one.

I don't think Edmund Morris is anybody's raving beauty, but we'll let it go at that. His wife apparently likes him.

TAE: Have you read Morris' book?

NOFZIGER: About two-thirds of it. It's a very difficult book for me to read because he bounces around from fact to fiction. He and his fictional characters are so much involved in the book that it takes away from the biographical part of it. There are parts that are very good when he is just purely biography.

TAE: Why the animus against Morris among the Reaganites? It's hard to imagine another eminent historian producing so favorable a biography of Reagan.

TAE: A lot of people were critical before they read the book. And there are some things about the book that I think are unfortunate and unfair.

If it weren't for Nancy Reagan, he would never have been allowed to do this. Nancy—and he would know this—has always been very sensitive about Jane Wyman, and to dedicate the book to the dead baby Wyman and Reagan had was a deliberate affront to Nancy. I can't see any other reason for it.

He gives an awful lot of attention to Jane Wyman, more than he needed to, especially when she wouldn't talk to him. I will say this for Jane Wyman: Nobody could have handled themselves better over the last 30-odd years than she did. She never talked to the press about her ex-husband.

You could look all you want, you wouldn't find one remark that Jane Wyman made negative about Ron. Or positive. She just refused to talk, and that showed me a lot of class.

TAE: The Clintons are often criticized for using people and then discarding them without a second thought. Is the same true of the Reagans?

NOFZIGER: To a certain extent it's true of almost any person who reaches a high level in politics. But I don't think that Reagan really discarded people. Reagan was never intentionally mean or indifferent to people.

TAE: In your memoir you suggest he was not the sort of boss who thanked his subordinates.

NOFZIGER: He never went out of his way to thank. He kind of assumed that, hey, you're there to do a job, and you've done the job, and that's fine. And I think he always assumed that we knew that he appreciated it.

TAE: You stopped working for Reagan four times: Sometimes by choice, sometimes not. Why did you keep coming back?

NOFZIGER: There's this great misconception that I was forced out, and that is really only true once. I left because I just get tired of government. I do not like government.

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I was forced out of the 1980 campaign. [Campaign manager] John Sears and I didn't see eye to eye, and he clearly didn't want me around.

TAE: You got your revenge in your Western novel *Tackett*, but you make "Jack Sears" a good guy by the end of the book.

NOFZIGER: Yes, but go look at Tackett III. I killed him! (Laughter.)

TAE: It was always reported that Nancy Reagan disliked you.

NOFZIGER: Nancy and I have had our good times and our bad times. I was not her idea of a proper Reaganite. It wasn't my beliefs or anything, but my attitude and perhaps my dress.

TAE: I've read about your sartorial style, but you look positively natty to me. I figured you'd be wearing a T-shirt.

NOFZIGER: Oh, no, I never did that. But these Reagan guys, they were pretty buttoned-down. They wore coats and ties and were a pretty sober bunch, and I never quite fit that.

Somebody asked me one time, "Do you socialize with the Reagans?" And I said, "No, they don't drink enough for me." Nancy spoke to me gently about that. I don't know how to say it because I don't want to demean myself or in any way to derogate her, but Nancy would like to be...upper class.

I remember the first time I ever had a salad served to me after the main course. You know, usually we Westerners get a salad first. But I was invited to lunch at their house after the gubernatorial campaign of '66. And we had everything, and then all of a sudden they bring me this damn salad. What the heck is this thing doing here? I learned that that's the way the upper classes do these things.

I just never quite fit into that, and that's not her problem and it's not my problem. It's just the way things were.

In recent years, Nancy and I have gotten along just fine. I have a lot of respect and admiration for her. She's handled a very miserable situation in a very classy way. I'm convinced and always have been that he wouldn't have been President if it weren't for her. So I think the country owes her a lot.

TAE: Did Reagan change as a person between the mid-'60s and the mid-'80s?

NOFZIGER: No, the wonderful thing about Ronald Reagan is that he never changed as a person. He got to be a smarter politician. He went from being a citizen-politician to being a politician. But he was a nice man when I met him, and he was a nice man when he left office.

Jack Kemp would not go on the attack in 1996, and it's the nominee's job as Vice President to be the attack man.

He never got a big head. He never got to thinking that he was better than anyone else or that he didn't need to listen to anybody else. You could still kid with him. He never put on airs.

TAE: You've written, "Ronald Reagan used to be one of us"—meaning anti-big government people—"but by the time he left the presidency, he also had left us." Why?

NOFZIGER: It happens with everybody who's in the presidency. He probably was not as conservative when he left office as when he went into office. You have to understand that it's one thing to be a conservative before you get into office; it's another thing when you have to deal with the Congress and with the affairs of the world. You change. It's easy for people like me to retain the same conservative approach that I had 20 years ago: I've never had to make those decisions.

TAE: When was your last contact with Reagan?

NOFZIGER: It was shortly before he announced that he had Alzheimer's. I tried to see him a couple times afterwards and it didn't work out, and then I got to thinking I really don't want to see him. He won't know me. It's better to remember him as he was rather than as he is.

TAE: Was it a satisfactory good-bye?

NOFZIGER: I didn't realize at the time that it was a good-bye. It was a pleasant meeting, but you could tell at the time that he was fading. He took me around the office and showed me all his mementos and explained them to me. I knew them all anyway. He had reached the point where he could not remember that I would know those things.

TAE: You broke up the "homosexual ring" in Reagan's office during his first term as governor. If such a ring existed today in a California's governor's office, would anyone care?

NOFZIGER: Probably not. But this was 1967; a lot of attitudes have changed in the last 33 years. The thing that always concerned me was that Reagan was a Hollywood actor, and you had to be extra careful that the worst aspects of Hollywood did not rub off on him. You had to be more careful with Reagan because of his Hollywood background than you would with some guy who would have come out of the aircraft industry.

TAE: Jack Kemp was involved in that ring only as an object of desire, right?

NOFZIGER: I think so. That's an unfortunate chapter in all of our lives. There was nothing there, but he got caught up in something, and it really got to him. It's too bad because Jack's a very decent guy.

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TAE: What kind of vice presidential candidate was Kemp in 1996?
NOFZIGER: When they picked him, I thought, "Hurray! Jack's got a lot of enthusiasm, and he'll really add some spark to this campaign." But Jack would not go on the attack, and it's the nominee's job as Vice President to be the attack man. The other thing was I don't think he prepared well for that debate.
TAE: You've said, "At times I wish I were a Libertarian because Republicans are too much like Democrats." Are Bush and McCain driving you further towards the Libertarian Party?
NOFZIGER: I will vote for the Republican nominee because I think it's important to defeat either Bradley or Gore. But I would be a lot happier with people who wanted to tax us less and keep out of our lives more. I would be happier with George W. Bush if I weren't fearful that the people who were around his father will move back in on his administration.
TAE: Would Bush Jr. be a better or worse President than his father?
NOFZIGER: Better. I think he's learned from his father. He's more conservative than his father was. I don't think he's dumb. I don't think he's a genius, but I didn't think Reagan was a genius. You can be too smart in that job.
TAE: Why has McCain so enchanted the establishment media?
NOFZIGER: Because, first of all, he is a genuine American hero out of a war that most of these guys have a guilt complex about, because they mostly didn't go, and here's a chance to assuage their feelings.

Second, he's a big-government man: He wants to increase cigarette taxes and his campaign finance reform is not really reform. When you start taking away people's freedom of speech, you're not making anything better.
TAE: You were a Buchanan supporter and then jumped to Forbes.
NOFZIGER: Let's not put it that way. I told Pat that if he went third party I would leave. I'm a Republican, and I intend to stay a Republican. But I didn't jump to Forbes. Buchanan jumped to the Reform Party.
TAE: But Pat is an anti-war protectionist while Forbes is an interventionist free-trader. It's odd to go from one to the other.
NOFZIGER: I feel a lot more comfortable with Pat's point of view on trade, but there are other things beyond that. Of the candidates out there who I thought had a reasonable chance, Forbes fits me better than the other guys do. You can't ever agree with a candidate 100 percent; if you do there's something wrong with you or him.

If I had to choose one of them for President, I would rather have Bradley than Gore because I think he's a more honorable man.

TAE: Forbes seems to have become worse as a campaigner over the last four years. Can you explain that?
NOFZIGER: Forbes' problem is that he should have been a professor instead of a politician. Go back to that Iowa debate where they asked him who his favorite political philosopher was. I thought, "Say Ronald Reagan, say Ronald Reagan"—and he said, "John Locke." I cried, "Don Locke, the old centerfielder for the Washington Senators?"

And then when he had a chance to ask a question, he asked a question about the IMF. Well, nobody's heard of the IMF in Iowa. It stands for the Iowa Multiplication whatever.

He's intelligent, he's a fine patriot. His political instincts are not all that I would wish for.
TAE: Would you prefer President Gore or President Bradley?
NOFZIGER: I would prefer to see Gore as the nominee because I think he's easier to beat. If I had to choose one of them for President, I would rather have Bradley because I think he's a more honorable man.
TAE: Orrin Hatch said that your man Forbes had done more than anyone else to promote human acceptance of robotics. How do you explain the Hatch candidacy?
NOFZIGER: I don't. I guess a certain amount of ego. I can't visualize a reasonably smart man like Orrin Hatch saying he has a chance to win this election or win this nomination.

Maybe he thinks God will reach down and pluck him out of the crowd. I don't think God's going to do that.
TAE: What sort of character would presidential candidate Gary Bauer play in one of your Tackett novels?
NOFZIGER: An unfortunate remark comes to mind that I will not make. (Laughter.) I think he would play a minor good-guy role. It's hard to make a hero out of Gary because of his stature and that's unfortunate.
TAE: Any opinion of Alan Keyes?
NOFZIGER: Alan Keyes is the smartest of all those people. He's the most articulate. He understands where he's coming from better than most of these guys understand themselves. If he could raise a substantial sum of money, he might be a serious candidate.
TAE: You're from Bakersfield, California, one of the great colorful American cities, and you wind up in suburban Falls Church, Virginia. Is this like going from Heaven to Hell?

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NOFZIGER: No, it's like going from Hell to Heaven. (Laughter.) Bakersfield is not the best place in the world to live, but not the worst by a long shot.

TAE: Fifty years from now, would you rather be remembered as a Reagan political operative or a Western novelist?

NOFZIGER: Fifty years from now I will be thoroughly forgotten. I'd rather be remembered as a writer. It isn't going to happen, but that would be more fun.

TAE: Despite your modest disclaimer that your Westerns are pulps, you're obviously very serious about these novels. They're not just larks to dash off between campaign consultations.

NOFZIGER: I'm not sure I'm capable of serious writing. I don't plot them in advance; I use what I refer to as the Thorne Smith method. Smith wrote the *Topper* books and somebody asked him, "How do you go about writing your novels?" He said, "Well, I wander into them, wander around for a while, and wander out again."

TAE: Why Westerns?

NOFZIGER: I grew up on pulp-fiction magazines. Street and Smith's *Wild West Weekly* and stuff like that that cost a dime or 15 cents.

I was running Richard Nixon's re-election campaign in California in 1972, and a man came in and said, "I can help you win the election." Well, people came in every day and said that.

I said, "How?" And he said, "If President Nixon will get his picture taken with Louis L'Amour, this will help him with all of L'Amour's readers." And I said, "Who is Louis L'Amour?" which shocked and I suppose aggravated him.

He said, "He's the best-selling Western writer of all time." I said, "Is he better than Max Brand or Zane Grey?"

"Oh, yes." So I said, "Will Mr. L'Amour endorse President Nixon if he gets his picture taken with him?"

"Oh, no, he couldn't do that."

I said, "Well, no endorsement, no picture." He understood.

But he invited me over a week later to have lunch with Louis in the Beverly Hills Hotel. Louis was a nice man, very quiet, has a very lovely wife, and I got to know him a little bit over the years.

Anyway, after the campaign was over, my wife and I went up to Death Valley, because I told her I wanted to go someplace that's warm. Well, Death Valley was colder than hell that early December; so we spent a lot of time in our room, which had a fireplace.

The little knickknack store had a whole shelf full of Louis L'Amour novels. I read them all during that week. I got in the habit of reading L'Amour novels. One day several years ago I was sitting around and I said, "Well, shucks, I can write that kind of stuff." So I sat down and wrote the first one.

TAE: Was L'Amour political?

NOFZIGER: No, not at all. Reagan started reading him, too. We got to be pretty good friends, and I think that I was at least partly responsible for him eventually getting the Medal of Freedom, because I had recommended him and pushed it a little.

Louis' stuff was fit for your kids to read. There was no vulgarity, no overt sex. The good guys won and the bad guys lost. And that's the way it is with mine.

TAE: Except for some vulgar language and hints of lesbianism.

NOFZIGER: But not very much. A kid can read that without understanding it. It's not overt stuff.

TAE: You describe Del Tackett as "a knight errant in Western garb." Is that how you see yourself?

NOFZIGER: No, no, not at all.

TAE: He's not your alter ego?

NOFZIGER: Certainly not. I know I'm not as good a guy as Del Tackett. I'm shorter, fatter, have a beard. I've never rescued a damsel in distress.

TAE: In *The Tacketts*, your heroes are gun-controllers and feminists. Have you been hanging around with Christie Todd Whitman too much?

NOFZIGER: (Laughter.) Oh, they're not real gun-controllers.

I'm a kind of feminist at heart. Women are good people. I'm a great admirer of Margaret Thatcher. There are a lot of strong women out there: Calamity Jane....

TAE: Does Whitman have any political future?

NOFZIGER: Not as a candidate. I don't think she's given up on her political career, but I think she's hoping that a Republican will be elected President. Then there's Cabinet offices, ambassadorships, stuff like that.

One thing about Christie: She has always gone out and campaigned for Republicans across the country, whether or not they agreed with her on abortion. She's a party Republican—which makes it a lot easier for somebody like me to help her.

BIRD'S EYE *continued from page 6*

wife has gone out to eat with friends. She leaves him a note: "Dinner is in the cookbook. Page 18." That may or may not be an appropriate level of nurture within a marriage, but it is just about exactly the right picture of how government should "care for" its citizens economically. We must expect people to make their own casseroles.

A myopic view holds that when government withdraws from economic decisionmaking, the field is left to irrationality, inertia, and anarchy, since "no one is in control." Actually, when government pulls its hands back, rational economic decisionmakers promoted are very much in control—*millions* of them—at the level of company head, factory manager, individual investor, and price-shopping consumer. This is not anarchy, it is democracy, with pluralities of economic actors exerting votes, and no emperor overruling them. Government economic planning and steering, on the other hand, is monarchism. It lets the handful at court boss the masses.

We overthrew political monarchism in this country two centuries ago. If we will remember the lessons of the last two decades, and keep our nerve on stormy afternoons, perhaps we can look back some day and say that in the 1980s and '90s, America overthrew economic monarchism as well.

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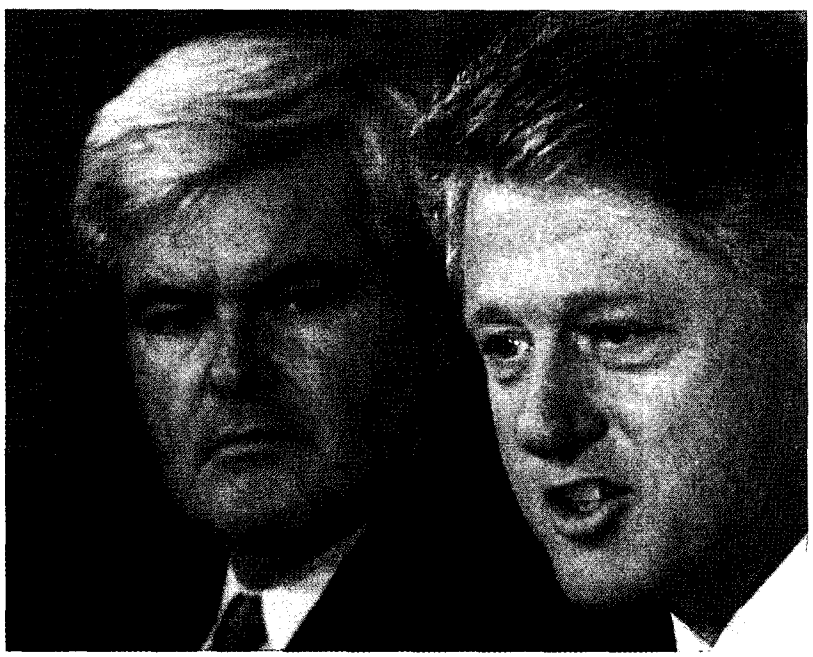
America's Biggest Boom

Who Do We Thank?



President Clinton and Speaker Gingrich

AP Photo/Joe Marquette

Thank You 1990s Political Gridlock

By Kevin A. Hassett

IF FORCED TO PICK ONE MEASURE of the quality of a President's economic policy, I will generally choose the average return of the stock market during his term. The stock market is the world's most sophisticated computer, and more than any other indicator it balances out the pluses and minuses of economic activity, inflation, and interest rates. And the market is forward looking. If the President seeks to boost growth with shortsighted policies, the market will factor that in. If a President sacrifices current gain to create a climate that will be more beneficial in the long run, the market will give him credit for that as well.

Which brings us to an interesting problem for believers in limited government. The adjoining graph ranks U.S. Presidents back to Roosevelt by the performance of the stock market during their terms. And according to this measure, the best economic President—by far—is Bill Clinton.

Back in 1992 when Clinton took office, visions of economic catastrophe danced in the heads of Republicans. The Democrats controlled the House, and liberals' cleverest schemes were about to become the law of the land. It was a critical break when Hillary's grandiose health care plan failed. But tax rates were raised significantly. Other interventionist policies—such as higher minimum wages—were introduced.

Yet fast-forward seven years, and we find ourselves amidst one of the economic golden ages of U.S. history. What gives?

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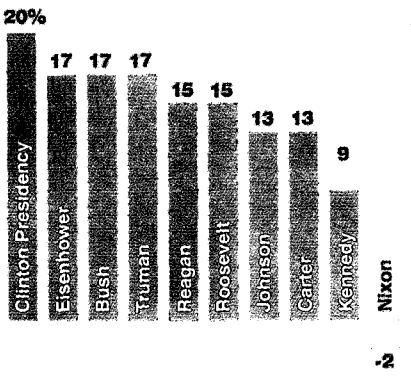
Some observers point to the radical shifts in economic policy launched by Ronald Reagan in the early 1980s and argue that Clinton, at the margin, made things a little worse, but Reagan's legacy was so powerful that Clinton's damage was insignificant. Others argue that the Internet revolutionized industry in the 1990s, and that the current boom has nothing to do with government at all. Others say Federal Reserve Chairman Alan Greenspan is the real hero.

There is some truth to all of these arguments, but they neglect an important fact. If liberal Democrats had been able to have their way with the economy over the past seven years, they surely would have contrived horrific enough policies to overpower even these potent economic positives. So we are left with just one conclusion: The '90s have *not* been an era of economic foolishness in Washington. Whether he intended it or not, the Clinton presidency has been a fairly good time for government-keep-your-hands-off economics.

One reason is that Clinton surrounded himself with an excellent economic team. Former Treasury Secretary Robert Rubin, current Secretary Larry Summers, economic advisers Joe Stiglitz, Janet Yellen, and Alan Blinder, to name a few, are first-rate economists. Clinton also installed some dicier advisers like Robert Reich, Ira Magaziner, Gene Sperling, and others. But the Rubins in the administration provided a formidable front-line defense against the would-be economic meddlers. Aside from Hillary's health care debacle, most of the Clinton proposals—the "Hope" Scholarships, for example—have been miniaturistic symbols only, great for 'I'm-your-friend' sound bites, but so inconsequential in size as to pose no threat to the ticking of the national economic clock.

But my trusty stock market indicator provides another clue—one indicating that the most important factor behind our recent economic spurt was something other than the wisdom of Bill Clinton and his advisers. Consider: The

Annual stock market returns



Source: Large company stock returns, *Stocks, Bonds, Bills, and Inflation 1999 Yearbook.*

average stock market return during Clinton's first two years, when the Democrats controlled the House of Representatives and the President mostly got his way, was only 5.7 percent. That places Clinton near the bottom in our historical ranking. It wasn't until the Republicans captured Congress that the stock market surged, thereafter producing astonishing returns averaging 30.6 percent a year.

The Contract with America and the Republican economic priorities certainly fueled our economic boom. Under the first Republican House in four decades the national budget was balanced for the first time since 1969. Capital gains rates were reduced. A more business-friendly environment ensued.

But these changes too were relatively modest. About all they did was reverse the small steps away from Reaganomics that Clinton had embarked on two years earlier.

So we're back to our central puzzle: Why did the economy soar in the later '90s?

We will be studying that question for years, but my hunch is that the golden key was precisely what media pundits complained most bitterly about over the last few years: The national government's inability to do anything significant since the Contract with America. Precisely because government was so paralyzed by gridlock that it could not possibly impose its will on our fast-moving, radically changing economy, unprecedented innovation and economic growth became possible.

Think about it. Huge mergers. Famous firms disappearing overnight. Breathtakingly fast launches of entirely new companies. A staggering amount of wealth being accumulated by Internet firms that didn't even exist a dozen years ago. And somehow, no new regulatory bodies have yet emerged to try to boss the process, or extract bribes for politicians, or damp down scary changes! Given economic history, that is a rather remarkable event (or, more properly, non-event).

Meanwhile, the Internet effectively deregulated us in ways that the government would never have had the nerve to accomplish. Thousands of local monopolies have been broken up by the easy access to virtually any service or product on the Web. Even the most long-standing national monopolies or near monopolies (like phone companies) are being dismantled by dynamic changes and growth.

Years from now, casual observers will look back at these golden economic times and assume that Clinton must have established an unusually beneficial working relationship with Congress. Of course, the truth is the complete opposite. This is an administration-Congress relationship marked by vitriol, untruth, deception, and personal attacks without precedent. This is a relationship that climaxed in impeachment.

I guarantee that future historians will be flummoxed trying to understand how this political environment coincided with the nation's greatest economic boom ever. But that's just because few historians understand economics, or the benefits of having the government absent from most economic decisionmaking.

My candidate for "Man of the 1990s" is James Carville. Let me tell you why.

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As an economist, my candidate for Man of the 1990s will be rather different from what any historian or admirer of well-oiled government would select. You see, my pick is James Carville. From the 1992 presidential campaign onward, Carville spent the decade spearheading a Clinton attack team that took no prisoners. In the process, those tactics injected into Washington politics a partisan ferocity and enmity so poisonous that the city just about ground to a halt.

While ultimate responsibility for this new attacking style of rule most certainly lies with the Clintons themselves, Carville will forever be the symbol of their politics of personal destruction. Of course his methods inspired grueling counterattacks, and by now, with major casualties on all sides, nobody in the District of Columbia trusts anyone else, everyone hates somebody, and the national government's main work during the decade has been to help soccer moms pick out the color of new school uniforms for their children. CEOs like Steve Case, Jack Welch, and Michael Armstrong, meanwhile, have mostly been left alone by the bureaucrats.

Given that there has been lots of money to go around, a more sympathetic and less self-centered Clinton might have been able to build a regulation-minded coalition that would have allowed him and his partners to direct the high-tech economy more along the lines of their personal interests and pet projects. Instead, we got a Clinton who from the beginning had few friends across the aisle, or even on his own side, and who by now couldn't form a trusting coalition with his dog Buddy. To which we can only say, thank goodness.

One way to accomplish the objectives of liberty is to elect a President and a Congress who believe in liberty. Another less perfect but perhaps more practical way to accomplish the same thing, we have now learned, is to elect a national government that simply jams up and shuts down.

The lesson of the 1990s is that extreme partisan hatred can actually be an effective recipe for limited governance, and that limited governance remains the best recipe for economic success.

Kevin A. Hassett is a resident scholar at the American Enterprise Institute.

Thank You Federal Reserve

By Bruce Bartlett

Today's U.S. prosperity owes a great deal to the Federal Reserve—the central bank which controls America's supply of money in sometimes mysterious ways. During the 1970s the Fed made some horrendous policy errors, for which the nation paid, and is still paying, a high price. Mending these mistakes has taken more than 20 years, since the appointment of Paul Volcker as chairman of the Federal Reserve in 1979. Volcker's successor, current Fed chairman Alan Greenspan, has done much since his arrival in 1987 to institutionalize a permanently noninflationary monetary policy—which all economists agree is an essential precondition for sustained economic growth. Whether Greenspan's policies can survive his eventual departure from the Fed is probably the central economic question for long-term investors.

Inflation is a bit like adultery. A man's wife may forgive an affair, but she never forgets it—and makes sure that he doesn't either. No matter how faithful the man may be afterwards, an element of trust has irretrievably been lost.

So too, markets, once burned badly by inflation, never forget the experience. For many years after, a lingering fear will remain, hampering risk-taking and growth. The economy will be prevented from reaching its full potential, since interest rates will have to be higher than the same circumstances would allow absent an experience with inflation—both because lenders will demand higher returns as insurance against a repeat, and because the Federal Reserve must run a tighter monetary policy than would be justified by economic fundamentals in order to assuage market fears of inflation, however nonexistent it may be at the moment.

The great inflation of the 1970s was like an evil genie let loose from a bottle. For 100 years the bottle had been sealed by the gold standard. Even after its formal abandonment in the 1930s, the dollar-gold link continued in a lesser form until 1971. Under the Bretton Woods Agreement instituted after World War II, the dollar was fixed to gold at $35 per ounce. Nations with excess dollars could, and often did, exchange their dollars for gold. Although this and the inevitable need to readjust exchange rates from time to time could cause temporary financial crises, the system exerted an external restraint on the Fed and other central banks which kept inflation in check for a quarter century.

The system started to break down in 1965, when President Lyndon Johnson cranked up his spending machine and then declared war on the Fed for raising interest rates. The Fed continued to tighten monetary policy throughout 1966, much to Johnson's displeasure. Ultimately, Fed Chairman William McChesney Martin

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Reuters/Bruce Young/Archive Photos

Alan Greenspan (L) shakes hands with Paul Volcker

knuckled under to Johnson's pressure in order to gain reappointment. Monetary policy eased sharply during 1967 despite continuing inflationary pressures that led Johnson to ask Congress for a tax increase in 1968.

Any hopes Martin had of further reappointment were dashed by Richard Nixon's election in 1968. Nixon blamed his loss back in 1960 on Martin, whom he believed engineered a recession that hit right in the middle of the election. As the candidate of the incumbent party, Nixon was in effect blamed for the slowdown, which contributed mightily to John F. Kennedy's victory. Arthur Burns, who had been Dwight Eisenhower's first Council of Economic Advisers chairman, warned Nixon about what Martin was doing, but owing to the Fed's independence nothing could be done about it.

Martin was replaced as Fed chairman by Burns on January 31, 1970. As Richard Nixon's hand pick, Burns never had any doubt about his primary responsibility: to get Nixon re-elected in 1972. Burns opened the monetary floodgates in an effort to stimulate the economy. When the inevitable inflation arose, he supported elimination of the last vestiges of the gold standard and the imposition of wage and price controls in 1971, although he knew they were only attacking a symptom, not the cause of inflation.

The first OPEC oil embargo frustrated the Ford administration's efforts to get a handle on inflation. (Contrary to popular belief, the rise in oil prices was not the cause of inflation, but a consequence, as oil exporting countries attempted to restore their incomes after they fell sharply due to depreciation of the dollar.) Nevertheless, by the time Jimmy Carter took office in 1977, inflation was on a downward trajectory.

Unfortunately, Carter threw away these hard-won gains of the Ford years. In 1978, he replaced Burns—who had greatly improved his performance as Fed chairman once Nixon was gone—with businessman G. William Miller. Miller was a disaster, pushing an ill-timed easy money policy that led to a second OPEC oil crisis in 1979.

Eventually, even Carter—whose Southern populist instincts always resisted tight money—knew he had made a big mistake. In order to avoid too obvious a *mea culpa*, Treasury Secretary Michael Blumenthal, who had resisted Miller's inflationary policies, was thrown overboard and replaced by none other than Miller himself. This maneuver was mainly to get Miller out of the Fed, where his fixed term protected him from a presidential sacking.

With Miller out, Carter surrendered to pressure from the financial markets to appoint someone with unquestioned credentials as an inflation fighter. That man was Paul Volcker, a lifelong public servant who had served as Under Secretary of the Treasury during the Nixon years and was president of the Federal Reserve Bank of New York in 1979. Although it meant taking a pay cut, Volcker took the helm of the Fed in August. On October 6, he announced a major shift in monetary policy, emphasizing control of the money supply, as long advocated by monetarist economists such as Milton Friedman.

The sharp tightening of the money supply led to an immediate spike in interest rates. The prime rate, which at 13.5 percent was already unprecedentedly high, moved higher still, hitting 15.5 percent by the end of the year. Not surprisingly, a recession began in January 1980. Despite the slowdown in growth, there was little moderation of interest rates. Although the prime rate eased to 11 percent at midyear, it rebounded to 21.5 percent by yearend, the highest level in American history.

Unlike previous presidents, Ronald Reagan came to office in January 1981 with a clear sense of monetary economics. He was very much in the monetarist camp, having been strongly influenced by Milton Friedman's work. Reagan appointed several prominent economists from the monetarist school to high positions in his administration, including Jerry Jordan at the Council of Economic Advisers and Beryl Sprinkel as Under Secretary for Monetary Affairs at the Treasury Department.

The monetarists believed strongly that inflation was always and everywhere a monetary phenomenon. Inflation was caused by the Fed creating too much money and it would end when less was produced. They also believed that inflation could not be eliminated without some pain. Labor agreements and other contracts had by now been written on the assumption that inflation—which was at double-digit levels in 1979 and 1980—would continue indefinitely. Renegotiating such contracts

Reagan made the tough decision to support a tight Fed policy even though it would cause a recession.

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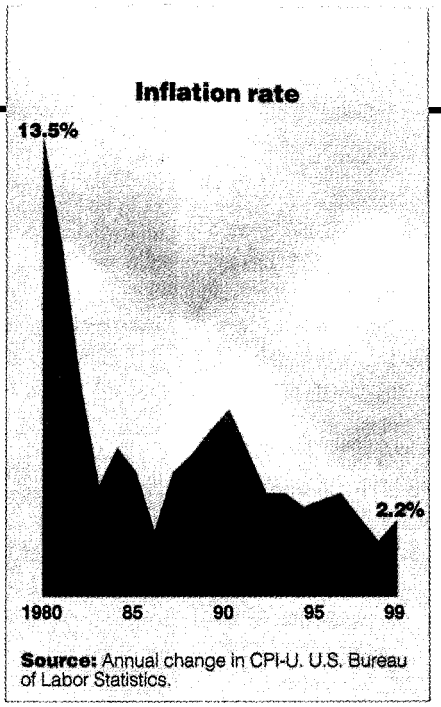
was inevitably going to cause bankruptcies, labor strife, and unemployment.

It was Reagan's decision to support a tight Fed policy even though it would almost certainly cause a recession. Indeed, a recession began right on schedule in July 1981, lasting through November 1982. As painful as this downturn was, both tangibly and politically, it did break the back of inflation. The Consumer Price Index, which rose 13.3 percent in 1979 and 12.5 percent even in the recession year of 1980, increased just 3.8 percent in 1982, the best showing in many years.

It is important to remember that at the time almost no one thought it was possible to reduce inflation so quickly, or without even greater economic disruption. A common rule of thumb called "Okun's Law" stated that to reduce inflation by one percent would cause the economy to shrink by 10 percent. This implied that the inflation drop achieved between 1980 and 1982 should have required an economic collapse greater than the Great Depression. In reality, though, the 1981-82 recession wasn't even as deep as the 1973-75 dip.

An important reason for the relative mildness of the 1981-82 recession was the increasing credibility of the Fed as an inflation fighter. Paul Volcker spoke constantly about the need to reduce money growth to stop inflation. He was supported by Reagan administration officials and was reinforced by Reagan's appointment of Fed governors who shared that view. As markets came to believe that the slowdown of inflation was more than just a temporary respite, but also part of a long-term change in Fed policy, interest rates fell and the stock market soared.

Although by 1983 some Reagan administration officials had begun to complain that Fed policy was too tight, President Reagan reappointed Volcker that year to another four-year term as chairman of the Federal Reserve Board. In announcing the reappointment, Reagan said simply that Volcker "is as dedicated as I am to continuing the fight against inflation. And with him as Chairman of the Fed, I know that we'll win that fight."



Source: Annual change in CPI-U. U.S. Bureau of Labor Statistics.

Despite the commitment of both Reagan and Volcker, inflation remained stuck at about 4 percent in the later 1980s. As Volcker's second term drew to a close, there was much speculation about whether he would be reappointed to a third term. Even the *Wall Street Journal*, which often criticized Volcker for being insufficiently growth-oriented, editorialized in favor of it. So it was something of a surprise when Reagan replaced Volcker with Alan Greenspan in June 1987.

The replacement of Volcker may have been unexpected, but the choice of Greenspan was not. He had served as chairman of the Council of Economic Advisers under President Ford and was probably the most prominent economist on Wall Street. Greenspan was well known for his conservative views and had even written an essay praising the gold standard during his time as a follower of Ayn Rand.

In general, Greenspan continued the Volcker policy of maintaining a moderately tight monetary policy, even through the recession of 1990-91, for which he was heavily criticized by the Bush Treasury Department. Nevertheless, President Bush reappointed Greenspan as Fed chairman in 1991, saying he has "totally, my complete support."

Under Greenspan's leadership, inflation has ratcheted down from the 4 to 5 percent level of the late 1980s to around 2 percent. This is the best performance since 1963-64, before Johnson's guns-and-butter policy began to let the inflation genie out of the bottle.

To his credit, Bill Clinton came to understand that Greenspan and the Fed were central to his economic success. Although he came into office with a populist attraction to easy money and low interest rates, Robert Rubin, later to be Treasury Secretary, convinced him that such an approach was counterproductive. Easy money might lower short-term interest rates and, for a time, long-term rates, but only briefly. As markets came to expect higher inflation in the future, rates would rise.

Although privately frustrated by Greenspan, as Bob Woodward documents in *The Agenda*, Clinton publicly embraced him. Clinton and Rubin also kept a lid on administration officials who privately favored an easier money policy. This left Greenspan free to pursue an anti-inflationary monetary policy that eventually yielded huge benefits, both for the economy and for Bill Clinton. By 1995, it was a foregone conclusion that Clinton, liberal Democrat though he is, would reappoint Greenspan, a conservative Republican, to the most important economic policymaking position in the United States. He reappointed him again at the beginning of 2000.

Squeezing out inflation, much more than balancing the federal budget, has led to a significant decline in interest rates. (Economists generally believe that long-term rates are mainly set by inflationary expectations.) In 1998, the yield on the Treasury's 30-year bond fell below 6 percent for the first time in its history. Concomitantly, mortgage interest rates and business financing costs fell to levels not seen since the early 1960s. Money previously locked up in certificates of deposit and low-yielding savings accounts poured into the stock market as investors sought higher returns, pushing the averages to new records.

Ironically, as Greenspan's policies led the stock market to stratospheric levels, he himself began to question the

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market's judgment. In many speeches, he suggested that the stock market was irrationally high, perhaps a bubble that would soon burst. This led the market to pull back on several occasions, from which it always rebounded.

By 1999, Greenspan began to change his mind, becoming more of a convert to the "new economy" view, which argues that computers and the Internet have fundamentally changed the financial equation, moving us toward permanently higher growth. And indeed, the latest national income data support this perspective. They show gross domestic product rising by 4 to 5 percent annually in the last three years. This is well above the 2.5 to 3 percent level that many economists previously thought was the economy's noninflationary growth limit.

Although the Federal Reserve is legally independent of whatever administration is in power, in reality it is ultimately subordinate to the President. Presidents appoint Fed governors and Fed chairmen. And although they are seldom entirely satisfied with Fed policy, in the long run Presidents end up with the monetary policies they want. Economist Robert Shapiro, now Under Secretary for Economic Affairs at the Commerce Department, reflects the consensus view when he writes, "Throughout the Reserve's history, its formal independence was substantively compromised whenever it tried to resist specific directions from any administration."

Most economists know how to run a non-inflationary monetary policy—that is true of every recent Fed chairman with the possible exception of Miller. Certainly Arthur Burns, the Fed chairman most responsible for the inflation of the 1970s, knew better. Indeed, he was Milton Friedman's teacher at Rutgers and Columbia. But in the end Burns did what the President wanted him to.

Therefore, the ultimate responsibility for Fed policy—for good and ill—must go to the President. Jimmy Carter may have been dragged kicking and screaming into appointing Paul Volcker to the Fed, but he did it, even though it probably cost him re-election by causing the economy to collapse and interest rates to skyrocket in an election year.

Ronald Reagan also deserves credit for publicly and privately supporting Volcker through the 1981-82 recession and reappointing him in 1983. It would have been easy to throw him overboard at that time, letting Volcker take the blame for the recession. Indeed, many of Reagan's advisers urged him to do exactly that. And in 1987, Reagan replaced Volcker with Greenspan, a man equally committed to ridding the economy of inflation once and for all.

Finally, one should not understate the importance of Bill Clinton. Markets had every reason to believe that a liberal Democrat in the White House would cause a reversal of monetary policy and a reignition of inflation. It may have been contrary to his instincts, but he ended up doing the right thing. The Clinton administration's support of Greenspan unquestionably has been its most important economic policy, for which it was amply rewarded with lower inflation and interest rates than have been seen in a generation.

We now have had 20 years of continuously noninflationary Fed policy, supported by Presidents of both parties. Yet markets remain skeptical that it is permanent. That is why interest rates are still about 50 percent higher than they were in the early 1960s, when inflation was at a similar level. That is the continuing legacy of the 1970s, when the Fed lost its virtue.

It will take many more years—how many it is impossible to say—before markets are fully convinced that low inflation will continue indefinitely. Some observers, like economic writers Brian Wesbury and Charles Kadlec, argue that the Fed has permanently learned its lesson, and that lower inflation and interest rates will help power the economy and the stock market upward for years to come.

The optimists may be right, but the possibility of mistakes cannot be dismissed. In the 1920s, it was also thought that a "new era" had arrived. The Fed was led by Benjamin Strong, president of the Federal Reserve Bank of New York, who was held in the same high respect that Alan Greenspan is today. But when he died in 1928, the Fed was thrown into chaos, contributing to the worst Fed policy in history, one that gave us the Great Depression. And as noted earlier, no one who knew anything about Arthur Burns in 1970 could have predicted he would instigate the worst inflation in American history.

The problem is that the Fed is still vitally dependent on the good will and judgment of key individuals—the President and the Fed chairman especially. There is no institutional arrangement to assure that the people who hold these positions in the future will do as well as those of the recent past. Alan Greenspan is not going to live forever—although Senator John McCain has suggested that his corpse could simply be propped up at Fed meetings in order to extend his reign (just as philosopher Jeremy Bentham was stuffed so he could continue to "attend" committee meetings at University College, London, long after his death).

We can hope that the next President will be smart enough to appoint a new Fed chairman of Republican Greenspan's stature and wisdom. Unfortunately, we cannot be certain this will happen. For that reason, markets are going to remain uncertain, and demand an inflation premium in interest rates. It may take a Republican President appointing a Democrat like Robert Rubin to the Fed—as Clinton reappointed Greenspan—to convince markets that the Fed has truly been depoliticized for good.

Bruce Bartlett was a deputy assistant secretary of the Treasury during the Reagan and Bush administrations.

Clinton's support of Greenspan has unquestionably been his most important economic policy.

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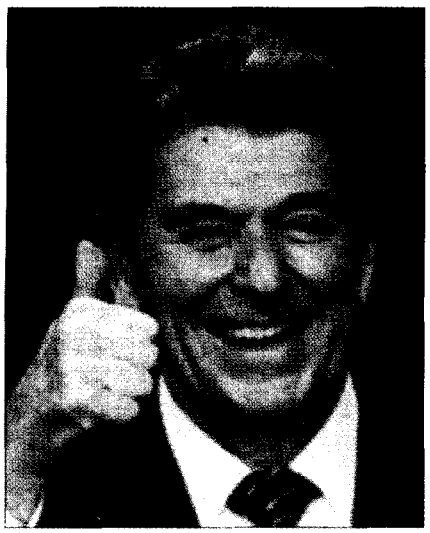
Thank You Ronald Reagan

By Stephen Moore



AP Photo

President Ronald Reagan in 1984

In 1984 the U.S. economy surged out of the '80-'82 recession, recording a 5 percent growth rate. The day after this impressive statistic was announced, an exuberant Ronald Reagan took a little swipe at his political adversaries by observing, "It's funny, but they don't seem to call it Reaganomics anymore."

The Reagan critics still don't. Today few academic economists or media commentators assign Reagan even an ounce of credit for the bullish economy Americans now enjoy. But they should. The enactment of the Reagan economic agenda—a cluster of policies that included tax cuts, deregulation, free trade, sound money, smaller government, and a more muscular military—was arguably the most momentous economic event of the past 50 years. These policies laid the economic foundation for the greatest era of wealth creation in the history of the planet.

As this magazine is published, Commerce Department press releases will officially declare that the 1990s have given us the longest economic expansion in American history. But that is an incomplete and misleading pronouncement. We are actually in the midst not of an eight-year expansion, but of one spanning *18* years.

The good times began not with President Clinton, but President Reagan. The evidence for this is in Mr. Clinton's own *Economic Report of the President*, which shows that since the Reagan economic reconstruction began in late 1982, the U.S. economy has been in recession for just six out of more than 200 months, or 3 percent of the time. How unusual is this? Economist Michael Cox of the Dallas Federal Reserve Bank calculates that throughout American history, the U.S. economy was stagnant or receding almost one-third of the time.

In just two decades following our 1970s stagflation disaster, the inflation-adjusted U.S. economy has nearly doubled in size. The net wealth of American households has miraculously expanded four fold. Twenty years ago, not even the most wild-eyed supply-side optimist would have predicted this prolonged prosperity.

Yet as Bill Clinton milks the longest official economic expansion, he will no doubt repeat his boast that "we have reversed the failed economic policies of the 1980s." That Reagan's policies needed reversing is a common view among some economists as well. Today's bestselling Economics 101 college textbook, written by Harvard economist Greg Mankiw, devotes an entire section to ridiculing the tax-cutting philosophy of supply-side economics as the spawn of "crank and crackpot" thinkers. According to Mankiw, "almost no serious economists" believed that Reagan's policies could succeed, and the skeptics "were proven right,"

Contrary to what college students will be taught, though, Reagan was right, and the skeptics were wrong. Only economists and politicians blinded by ideological hatred of Reagan's overturning of previous orthodoxies can deny the '80s roots of today's potent boom.

To appreciate how far we've come over the last 20 years, we need to revisit the dark 1970s. "When Ronald Reagan steps into the White House next week," wrote *Newsweek* on the eve of the Reagan presidency in January 1981, "he will inherit the most dangerous economic crisis since Franklin Roosevelt took office 48 years ago." The year before Reagan's inauguration, inflation hit double digits, mortgage interest rates soared to 20 percent, America was rapidly deindustrializing, gas lines lingered, inflation-induced bracket creep was eroding American incomes, and unemployment had reached its highest level in 40 years. We were teetering on the brink of a 1930s-style depression. Economist Henry Kaufman of Salomon Brothers reflected the mood of most Americans at that time when he remarked, "I am aghast at how much our country has faltered."

Reagan's economic agenda was highly controversial because it constituted a frontal assault against the conventional economic notions of the day. The centerpiece of the Reagan policy was, of course, the tax cut which slashed rates by 30 percent—including a reduction in the highest rate from 70 to 50 percent. (Later the top rate would come down to 28 percent.)

But it is a myth that Reaganomics was only about tax cuts. There were other critical features to Reaganomics. One was an unwavering commitment to sweating inflation out of the economy, to, as Reagan put it, "make the dollar as good as gold." A second effort was to tear down trade barriers in the U.S. and across the globe. A third priority was to deregulate the American economy in key industries such as energy, transportation, and financial services. Reagan's first official act as President was one of his most successful and underappreciated: He immediately deregulated oil, thus ending with a

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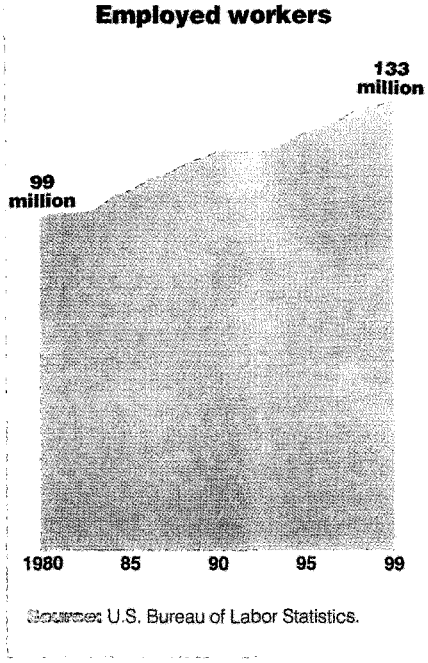
stroke of his pen the energy crisis that had crippled the nation in the 1970s. Another wise move by the Reagan team was to essentially shut down the antitrust divisions of the Justice Department and the Federal Trade Commission, allowing the dramatic industrial restructuring that took place in the 1980s which is paying such rich dividends today.

Another plank of the Reagan economic program was to reverse the expansion of government. Unfortunately, the administration failed to substantially shrink domestic spending, and this contributed to the large deficits of the 1980s. Finally, Reagan sought to win the Cold War by facing down the Soviets. Spending more on defense in the '80s has led to a more peaceful world in the '90s and has contributed to today's budget surplus as well.

Did these policies work? Or were they just "voodoo"?

By looking at a variety of data, one can see clearly that 1982 was what economists call an inflection point—a radical shift in direction of a curve. To take one of the broadest indicators, U.S. household wealth has increased by an estimated $15 to $20 trillion since 1982. That's more new wealth in 18 years than was produced during the previous 200 years before Reaganomics. Since 1982, the unemployment rate has fallen by half. Thirty million new jobs have emerged—more than the net job creation of all other developed countries *combined* over this same period. Virtually every economic measure shows a similar pattern of U-turn with the onset of Reagan's policies.

Today, many of Reagan's detractors claim that the '80s turnaround would have happened regardless of what he did. According to this theory, Reagan was "lucky" (as the *New Republic* put it), because he managed to catch the business cycle at precisely the moment of its inevitable ascent. This is a little like saying that Michael Jordan was lucky to get the ball just before a dunk was going to happen.



It also ignores economic history. When Reagan was elected, the economics profession was suffering a nervous breakdown. The neo-Keynesians who ruled the academy believed that combining lower unemployment with lower inflation was impossible. Their confused prescriptions gave us more of both.

When the godfather of liberal economics, Nobel laureate Paul Samuelson, was asked in 1979 whether inflation could be conquered, he said that only "five to ten years of austerity, in which the unemployment rate rises toward an 8 or 9 percent average and real output inches upward at barely 1 or 2 percent per year...might accomplish a gradual taming of U.S. inflation." The Left likes to forget that in 1980, while Reagan was preaching incentive-based economics, the debate between Democratic presidential rivals Ted Kennedy and Jimmy Carter was whether to use wage and price controls or gas rationing to control runaway inflation. We should fall to our knees and thank God Reagan won and none of this quackery ever saw the light of day.

Ironically, perhaps the greatest vindication of Reaganomics has come from Bill Clinton himself. Clinton likes to portray his program as the liberal antidote to Reaganomics, and on things like tax rates he has indeed pushed in an opposite direction. But in most other ways, Clinton (coaxed by a Republican Congress) has validated the Reagan agenda, arguably acting more like a supply-sider than Reagan's own Republican successor George Bush.

The defining economic event under the Clinton presidency has been the near disappearance of inflation. Former Treasury Secretary Robert Rubin argued correctly for seven years that a strong and stable dollar is not a problem. To their great credit, he and President Clinton left Alan Greenspan alone. Falling inflation is a quasi tax cut for the economy, especially when capital gains and other asset values aren't indexed for rising prices. Falling inflation thus helped neutralize the negative impact of the Clinton tax hikes.

Bill Clinton also signed three major free trade agreements. The resulting tariff reductions had the same effect as cutting marginal tax rates. He also signed the Republican Congress's capital gains tax cut, thus injecting adrenaline into the stock market. These policies were not a repudiation of Reaganomics, they *are* Reaganomics. As a result, pre-Reagan economic wisdom is now dead, and Bill Clinton helped drive the stake into its heart.

Ronald Reagan's "unconventional" economic ideas have become quite conventional. As a result we now have the most powerful American economy since the 1920s. Eighteen more years of sustained growth is not implausible.

But they still won't call it Reaganomics.

Stephen Moore is director of fiscal policy studies at the Cato Institute.

We are actually in the midst not of an eight-year expansion, but of one spanning 18 years.

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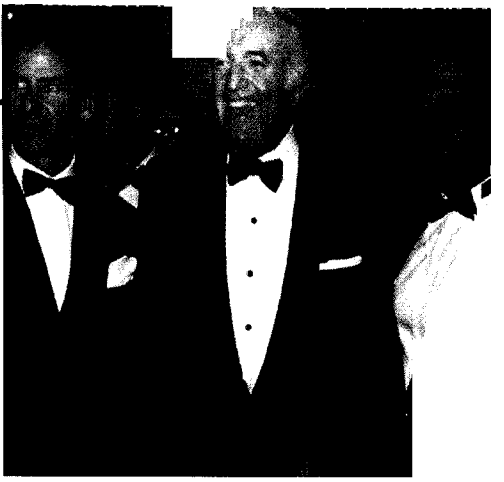
Thank You American Businessmen

By James K. Glassman



Calvin Klein, Time Warner's Steve Ross, & Michael Milken

The most important reason for the unprecedented prosperity of the past two decades hides in plain sight. Like the purloined letter of Edgar Allen Poe, it's so obvious that it is consistently overlooked: The economy boomed because businesses did better.

Companies became more efficient and more profitable, lowering prices for consumers and rewarding their shareholders with bigger dividends and higher stock prices. In so doing, American businessmen and women created trillions in new wealth, much of which was reinvested back into new and old businesses. This in turn created more and better jobs and further wealth, flowing in a virtuous circle. Just ten years ago, U.S. households owned $2 trillion worth of stocks. Today, they own more than $12 trillion worth.

Microsoft, barely 20 years old, is now the largest corporation in the world, as judged by what the markets say it is worth: over half a trillion dollars. Between 1989 and 1999, net earnings for Johnson & Johnson rose from $1.1 billion to $4.3 billion. Or pick a less glamorous firm: At century's end, Dana Corporation, a maker of truck and auto parts, was earning 20 cents on every dollar of equity invested—twice its rate of just a decade earlier.

Of course, it's obvious to say that American businesses have produced America's prosperity. Who else could have? The real question is, How? What was it that led businesses to generate more profits, jobs, and wealth? The answer is, A revolution in the way corporations are financed and managed.

This revolution brought what Joseph Schumpeter, the great growth economist, earlier in the century called "a gale of creative destruction"—with inefficient predecessors being superseded by fresh challengers. Thanks to our resilient, mobile workforce and the frontier tradition of leaving the old behind to embark on the new, America weathered this revolution in business management and finance with remarkably little long-term pain. But much of the press, along with some politicians of both Left and Right, focused so intently on the discomfort that they misjudged what was happening right before their eyes.

Tightly cropped mugshots of sinister-looking chief executives stared from the cover of the February 26, 1996 issue of *Newsweek*. The headline was "Corporate Killers," in big block type. The villains included Robert Allen, CEO of AT&T, responsible, we were told, for 40,000 layoffs, and Louis Gerstner, CEO of IBM, guilty of cutting 60,000 jobs.

Something "new and nasty" was going on, wrote Allan Sloan, the magazine's top business writer. "Call it 'in-your-face capitalism.' You lose your job, your ex-employer's stock price rises, the CEO gets a fat raise. Something is just plain wrong when stock prices keep rising on Wall Street while Main Street is littered with the bodies of workers discarded by big companies."

The piece was chock-full of anecdotes and opinion, but there was not a single employment statistic. No wonder. Between 1991 and 1995, the number of Americans employed had grown by 7.2 million. In other words, while some companies were shedding workers, other companies were hiring—and the hiring far, far exceeded the firing.

Add up all the layoffs announced by all the meanies on *Newsweek*'s cover and you have a figure—137,000—that approximates the number of net new jobs created in the new U.S. economy in just three weeks.

Newsweek could hardly ignore the fact that the unemployment rate in 1996, at 5.4 percent, was the second-lowest in a quarter-century. But a skillful writer could elbow reality aside. "You can argue endlessly about how to interpret figures," wrote Sloan, but "what really matters is that although unemployment is relatively low and the economy is still cranking out new jobs, millions of Americans believe they're being screwed by corporate America and Wall Street." (No evidence to support that contention was provided in the article.)

This is the mood and the kind of faulty analysis that has prevailed among journalists and other shapers of elite notions during most of America's Great Boom, which began in 1982 and, after a short pause for breath in 1991, continues today.

The elimination of many jobs in traditional manufacturing and middle management actually helped *make* today's unprecedented prosperity. Absent a slimming down, thousands of companies would have been less productive. And what was killed off in the process was not really people, but languishing old management structures and businesses.

The week after the *Newsweek* attack appeared, the *New York Times* weighed in with a seven-part front-page series written by eight different contributors. This massive effort was titled, "The Downsizing of America," and its headline that first Sunday in March 1996, captured the

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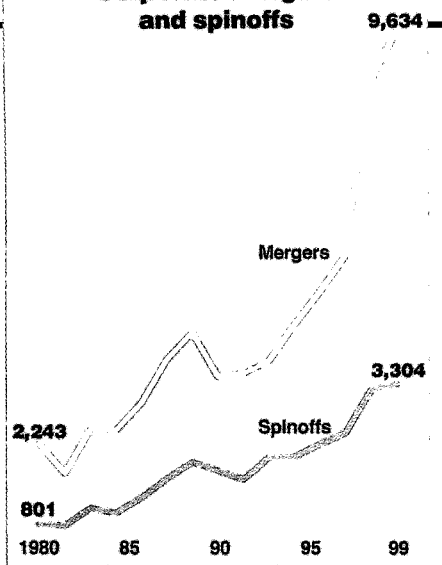
tone perfectly: "On the Battlefields of Business, Millions of Casualties." Again, the theme was corporate slaughter.

"More than 43 million jobs have been erased in the United States since 1979.... Like the odometer of a speeding car, the number twirls higher nearly each day." The series was too much—even for other journalists at publications like the *New Yorker*, where John Cassidy wrote, "It would be hard to guess from reading recent press accounts that the probability of finding a new job after being laid off has *increased* over the past decade, but that is exactly what the evidence suggests.... Overall, more than 60 million new jobs have been created since 1979, a truly astounding number.... What is more, a remarkable 60 percent of all net employment growth in the past three years has come in managerial and professional positions, a sector of the economy that makes up only 28 percent of the labor force and is widely said to have been the most damaged by corporate downsizing."

So, at just the time when media elites (not to mention politicians from Pat Buchanan to Dick Gephardt to Bill Clinton) were claiming that layoffs were traumatizing Americans, U.S. companies were creating more and better jobs. The unemployment rate fell from 9.7 percent in 1982 to 6.1 percent in 1994, then 4.1 percent in 1999—the lowest in three decades, and far more impressive than the performance of the 1960s since a higher proportion of Americans (nearly two-thirds) are now participating in the labor force.

Currently, about 4 million new jobs are created every year, and 2 million old jobs are lost, for a net gain of 2 million. At this rate, the equivalent of a new General Motors workforce is formed every three months. Meanwhile, gross domestic product, the nation's output of goods and services, has risen at an annual average rate of 3.2 percent since 1982—roughly half-again the historic average. At that pace, a child born today will enjoy a standard of living four times as great as her parents by the time she is 45.

Corporate mergers and spinoffs



Source: Thompson Financial Services Data (copyright).

This revolution was partly sparked by a strange young man wearing a miner's light during his early-morning bus rides. Michael Milken spent the decadent 1960s at Berkeley reading the *Wall Street Journal*. Then he studied finance at Wharton. In the 1970s, he rode the bus from his home in Cherry Hill, New Jersey, to the offices of Drexel Burnham Lambert in New York—up so early that he had to use his little headlamp in the dark to read the prospectuses of the companies whose credit histories he was scouring during his two-hour commute each way.

Drawing on his own research and the forgotten work of academics from decades earlier, Milken made the discovery that so-called "junk" bonds—that is, high-yielding bonds issued by companies without "investment-grade" credit ratings—were producing better returns than their true level of riskiness warranted. In 1978, at the age of 32, he moved to Los Angeles and changed the game: He began underwriting high-yield bonds not just for companies that needed more capital (like his find MCI), but also for investors who wanted to own companies they believed were underpriced because their managers didn't appreciate their true value.

So Drexel funded T. Boone Pickens, Carl Icahn, Ronald Perelman, Saul Steinberg, Oscar Wyatt, Irwin Jacobs, and groups of investors like Kohlberg, Kravis & Roberts. Milken provided financing for "leveraged" (meaning debt-supported) buyouts of companies like Safeway and Beatrice. He financed Ted Turner of CNN, and Steve Wynn, who became the most powerful casino executive in the world. He raised capital for Warnaco, Calvin Klein, Enron, Barnes & Noble, Chrysler, and many telecom firms, including Comdisco, McCaw Cellular, and TCI.

Milken eventually took a fall when Drexel was swept up in an insider-trading scandal. He pleaded guilty to six counts of securities fraud and conspiracy, paid a $600 million fine, and served two years in prison. But the processes he set in motion roared on.

It wasn't just companies that Milken and cohort targeted that were affected. The raiders struck fear in the heart of much of the American corporate establishment. Their message was simple: You aren't running your companies efficiently enough, and your low stock prices reflect your failures. With borrowed money, we can buy you cheaply, fire you, reorganize your businesses to be more profitable, and sell off parts to repay the debt.

For managers who coveted their jobs, this was an attention-getting threat. For every company that was bought out, many more changed their ways of operating to avoid humiliation. The minds of many executives at companies that had grown fat and lazy were suddenly concentrated. Perhaps even more, spines were stiffened to take difficult but necessary steps toward greater efficiency.

Once America's businessmen were motivated, advisers like former McKinsey consultant Tom Peters helped them rethink their operating methods. Managers were told to get closer to their customers, to reduce hierarchies, to emphasize quality and service, to adopt lean

The elimination of many jobs actually helped make today's unprecedented prosperity.

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staffs, to work more closely with their suppliers, to let employees solve their own problems, and to break companies into smaller entrepreneurial units.

No one could coast any more. Even Robert Allen, the AT&T chairman branded by *Newsweek* as one of the "corporate killers," was downsized—as was his successor. Shareholders wanted better results; so AT&T reorganized, spinning off Lucent Technologies, its network, software, and telecommunications subsidiary, as a separate company. AT&T shareholders, who were given stock in the new firm, were soon rewarded, as the price of Lucent rose by a factor of ten over three years. AT&T also sold NCR, a computer venture that proved disastrous, and concentrated on becoming an electronic pipeline for the Internet age. By 1999, AT&T and Lucent had far more employees and market value between them than the old AT&T had had.

At IBM, another huge success story was masterminded by "corporate killer" Louis Gerstner. IBM's managers, recognizing that the days of mainframe dominance were ending, embraced the reality of "creative destruction" by moving into personal computers, electronic components, software, and services. Gerstner reorganized the firm, began emphasizing e-commerce and networking, and achieved astounding results. What would *Newsweek* have had him do? Keep those 60,000 people on the payroll and kill the whole company?

In the end, the change that produced the financial and managerial revolution was simple: Investors demanded more from corporations, and forced corporate managers to respond. Certainly, the managers had better tools, thanks to technology, and a better political environment, thanks to President Reagan. But the Great Boom would never have happened if corporations had been able to keep themselves comfortably insulated from their own investors. Instead, most companies would have sleepily followed the path of least resistance, as they still do today in much of Europe and Asia.

Despite some occasional continued whining from the likes of *Newsweek* and the *New York Times*, most Americans are quite tolerant of corporate shake-ups and the process of "creative destruction" as a healthy part of free-market economics. Even a Democrat and academic like Clinton Treasury Secretary Lawrence Summers concedes the lesson of the 1970s. We have seen, he told Daniel Yergin, "how badly government can mess things up. With competition, things seem to go better. Innovation happens.... There is now a skepticism about the view that you have to have the public sector to get things done."

This is now a commonplace view even on much of the Left. It is not built on a belief in freedom or principle, however. It is built on sheer expediency—the simple fact that American business has triumphed. We're in a happy place now, but it's worth remembering that we got here only by fighting back critics who had given American business up for dead, who had embraced Japan as the new conqueror, and who were demanding government-led reforms nearly opposite to those that actually took place.

So enjoy the good times. But with a little shiver.

James K. Glassman is DeWitt Wallace Fellow at the American Enterprise Institute and co-author of Dow 36,000.

Thank You New Technology

By Alan Reynolds

Intel CEO Craig Barrett and Bill Gates

AP Photo/Paul Sakuma

Simplistic thinking leads some Americans to imagine that economic prosperity originates in Washington. When looking at the record of the U.S. economy since 1982, it is surely true that smarter policies from the White House, Congress, and Federal Reserve played a huge role. The dramatic gains since 1996, however, have had little to do with changes in public policy.

The most novel aspect of the late-1990s boomlet was its timing. In past expansions, economic growth always spurted during the first few years following a recession, then slowed to a more leisurely pace. That pattern was reversed in the '90s. Economic growth was modest and uneven during the first four years of recovery; then accelerated briskly during the next four years.

Around 1995, something happened to greatly invigorate the U.S. economy and lift the value of U.S. businesses. Gross domestic product (GDP) spiked upward, and productivity growth jumped to 2.6 percent a year during 1996-99—triple the performance of the previous three years.

To explain such changes, we have to find something that changed. Nothing much happened in the nation's capital in these years, except that Federal Reserve interest rates were much higher than in 1993-94, a dampening influence. Indeed, the only relevant policy change in recent years was the 1997 reduction of the capital gains tax rate. That undoubtedly helped high-tech companies and stocks.

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But the economy and market were already in the process of turning up.

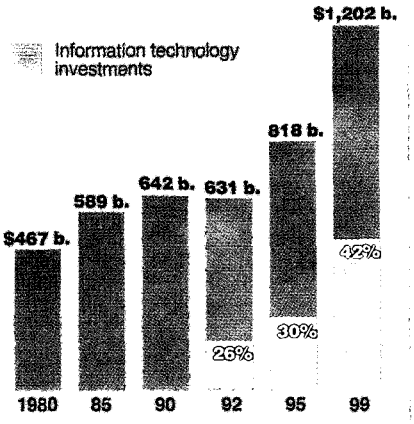
The really important thing that changed in the middle of the last decade was the blooming of information technology and the digital economy. The number of U.S. households on line began to rise very rapidly—from fewer than 6 million in 1994 to about 44 million today. Our new economy is *really* new, something the nation did not have before. It is as if the U.S. had suddenly added a couple of prosperous new states.

The seeds of the 1996-99 surge were planted in late 1994, when Netscape's new browser, combined with Mac-Windows point-and-click computing, made it easy for amateurs to make use of the World Wide Web. It wasn't until a year later, however, that the awesome commercial possibilities of the Internet grew big enough to be fully recognized, even by Bill Gates. The Internet economy then took off like a rocket: The number of servers hosting Web sites increased from 1,961 in October 1995 to 5,089 by November 1996. By no coincidence, this is precisely when the U.S. economy and stock market began to soar.

The Department of Commerce estimates that in 1996-99, infotech accounted for about a third of our economic growth and up to half of our business investment. This was up sharply from previous levels (see nearby graph). "Information technology" is not just computers, but also includes cellular and regular phones, cable and broadcast TV, semiconductors, software, copy and fax machines, and more. Sales of domestic computers accounted for only 1.2 percent of GDP in 1996-98, but information technology as a whole is now more than 8 percent of GDP and rising fast (up from 2 percent in 1987). The full digital economy is even bigger than this, since it would include electronic commerce and a variety of Internet services as well.

"The real question," insists *The Economist*, "is whether the emergence and expansion of the new high-tech industries is making the economy as a whole more productive." If one is asking whether technology has lifted productivity equally in every industry, the answer is "no." Productivity gains have *never* been evenly shared among all sectors of an economy. It is surely true that few construction workers, plumbers, or electricians are producing more value per hour because of the Internet. So what? Some industries decline, others expand.

Business investment



Source: Non-residential fixed investment (1996 dollars). U.S. Bureau of Economic Analysis.

The whole game of measuring productivity gains can be extraordinarily difficult. Before procedural revisions were made in 1999, official government estimates showed banking productivity *falling* with new technology—because statisticians misapprehended the significance of ATMs and online banking. The output of securities brokers, by contrast, was easier to measure, and therefore showed annual productivity gains of 11 percent over 1990-97.

Amidst today's haze of weak statistics and skeptical analysts, the important facts to keep in mind are that (1) information technologies and services constitute a rapidly expanding share of the U.S. economy, and (2) these companies generally enjoy high and rising productivity. Thus a rising share of the nation's output is coming from industries with rapidly increasing productivity. And that fact alone virtually guarantees that overall U.S. productivity will be going up.

Like technology-driven productivity gains, the stock market effects of the computer revolution didn't become fully visible until the later 1990s, when the Internet went into high gear. The nation's five largest companies by stock valuation are today a rather different set than in 1990 or 1980. A handful of new high-tech companies now account for more than a quarter of the value of the S&P 500 stock index. As recently as 1998, Standard and Poor's added America Online to the index and tossed out Rubbermaid. In 1999, a school bus company was purged and replaced by Yahoo. Microsoft did not even rank in the top ten a decade ago, but now accounts for 5 percent of the entire index. The S&P and Dow Jones indices, and the stock markets generally, are becoming heavily weighted by companies whose high prices reflect their extraordinary recent growth and future potential.

Stock market skeptics worry that the new "dot-com" companies reinvest all their earnings and thus show no immediate profits. Wiser investors have been willing to look far ahead and risk funding promising ventures. Ironically, such foresight is now condemned by the same pundits who used to gripe that U.S. companies and stockholders were short-sighted and unwilling to look beyond the latest quarterly profits.

To understand the post-1996 economy without acknowledging the revolutionary impact of the Internet is impossible. The Internet economy, for example, explains why the U.S. *seemed* unaffected by the 1998 Asian collapse. In reality, our "old economy" of agriculture, mining, and manufacturing *was* injured by Asia's recession. Industrial production did not increase at all between December 1997 and July 1998, and the annual increase was still only 1.6 percent as late as May 1999. At the same time, however, the flood of technology-related progress in other parts of our economy overwhelmed this global drag.

When it comes to doling out credit for our economy's most recent brilliant performance, we must thank our new economy and toast Marc Andreessen, Steve Case, Bill Gates, Steve Jobs, and the thousands of other bold and brilliant American entrepreneurs who made it materialize.

Alan Reynolds is director of economic research at the Hudson Institute.

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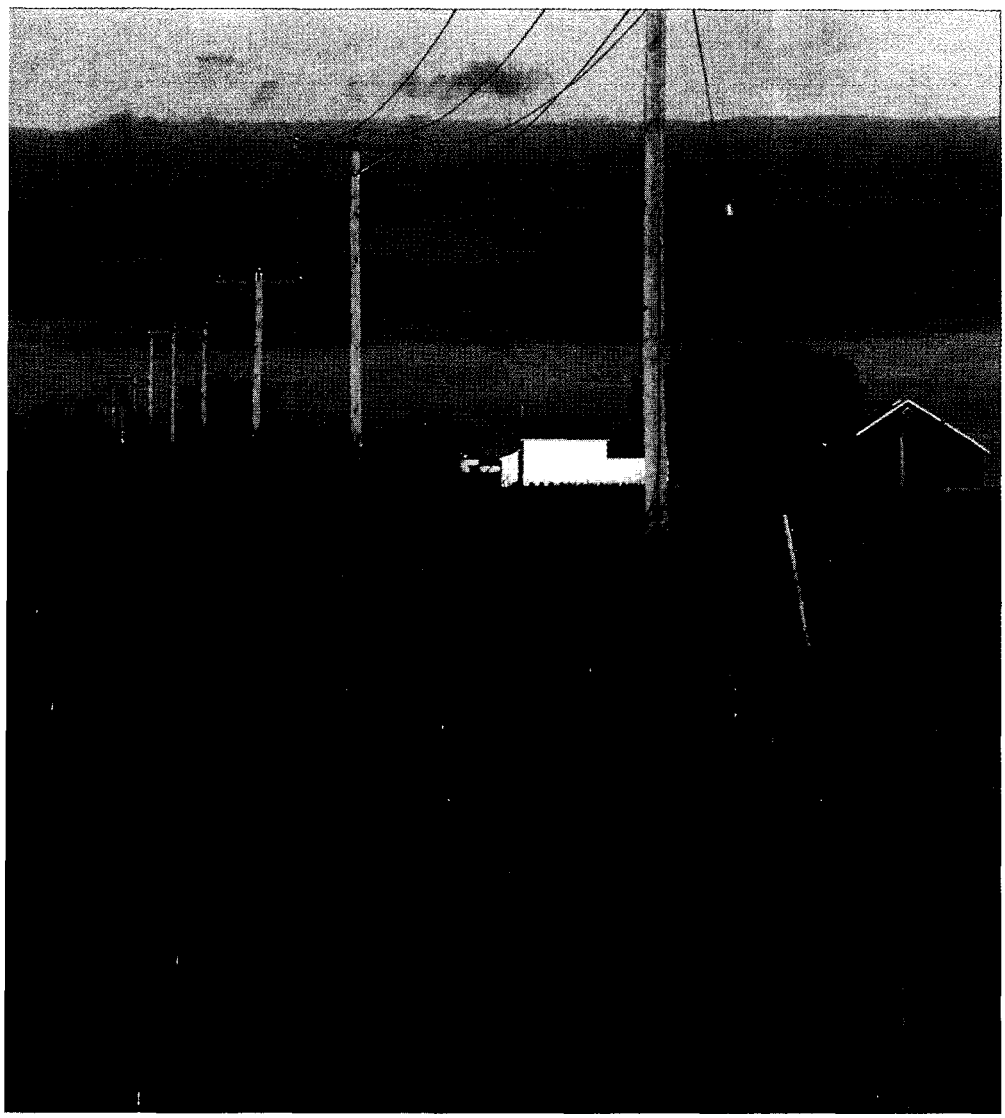
THE TROUBLE WITH AMERICA'S

The Great

BY BLAKE HURST



Right now, American farmers feel like the slowest kid in gym class, the one who is always chosen last. Even as the Dow Jones sets new highs, farm prices and incomes are in the tank. Overall U.S. Department of Agriculture statistics show a drop in farm income of less than 10 percent over the last couple years. But those statistics don't capture what has happened on my farm, and many other grain and livestock farms in the Midwest. On one of the spreads I rent, for instance, my income this year will be less than half what it was in 1997.

Farm numbers have been dropping for 70 years, and Congress has been trying to save the family farm since they passed the first agriculture bill in 1932. But nothing they've done, or are likely to do in the near future, will be successful. When that first bill was enacted, there were over 6 million farms; today, there are fewer than 2 million. Government assistance was no match for changing technology and often made things worse.

In 1996, Congress broke with past farm bills and embarked upon a new course, one that would free farmers from strict governmental control on what, where, and how much they planted. No longer would each planting season be preceded by a day spent in a government office, filling out forms and allowing Uncle Sam to make management decisions. No longer would the government attempt to control supply by paying farmers not to grow things. The change to a free market was to be eased by spreading the shift over seven years of declining payments.

The passage of the so-called Freedom to Farm Act was followed by a couple of years of high crop prices and very strong farm incomes. But farming has always been a cyclical business, and huge recent drops in corn, soybean, and wheat prices have led to two straight years of emergency payments being hurriedly passed in Washington. A total of $16 billion or so has been channeled to farmers who had supposedly sworn off government subsidies forever.

A substantial contingent of American agriculturalists would now like to return to the familiar old system of farm subsidies. Clinton Secretary of Agriculture Dan Glickman, for instance, is again expressing interest in paying farmers to leave land idle. One gets the impression he is as concerned about his loss of power to tell farmers what to do as he is about farm conditions. Serving as Secretary of Agriculture is not as heady as it used to be.

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Exception

The biggest part of today's farm problem stems not from the Freedom to Farm Act or any other policy measure, but from the recent multi-billion dollar decline in exports to Asia. This followed the sudden collapse of Asia's economies. Those economies are now turning around, and exports will increase, helping U.S. prices. Introducing China into the WTO holds additional great promise for American farmers. Chinese tariffs on agricultural imports will be cut substantially, and the amount of wheat, for instance, that China imports without restriction will almost double, assuming Congress approves the agreement.

Farmers suffer more than any other sector of the U.S. economy from trade barriers. U.S. agricultural exports as a whole are taxed by our foreign customers at around 50 percent. The biggest sticking point in current trade negotiations is agriculture. In recent years, the proportion of world trade disputes involving farm products has approached two-thirds.

On one spread I rent, my income this year will be less than half of 1997's.

Backers of U.S. farm subsidies are generally ambivalent about trade. The Clinton administration still pays lip service to free trade, but courage in advancing the cause is sadly lacking. President Clinton himself derailed the Seattle WTO talks, one of whose principal aims was to reduce farm trade barriers, with his chatter about placing environmental and union issues center stage in the negotiations.

A WTO hearing held in Des Moines, Iowa, last summer served as a warm-up for the foolishness that occurred in Seattle. Some unhappy farmers and farm policy "experts" demonstrated loudly enough to prompt the organizers to station three Des Moines policeman at the front of the room. No pepper spray, however—this was Iowa, not latté-land.

Few farmers wear black uniforms and read anarchist tracts. But there are some who dislike markets and trade and change nearly as much as Seattle's grunge goons. Some farmers, in fact, are displeased with most of the changes that have taken place in agriculture—and life—since, well, about the turn of the century.

Farmer Chris Peterson was convinced that farmers who grow livestock under contract with food processors are nothing but "slaves." Another farmer asserted that reducing farm subsidies had been as destructive in farm country as NATO was in Kosovo. A Minnesota farmer testified that "because of corporate greed, my way of life, and the way of life of five generations, is no longer open to me." Clara Oleson, who was representing something called the "Alliance for Democracy," testified that she was "haunted by the voices" of the farmers who had preceded her. She left the stage with her left fist clenched high in the air, to riotous applause. No Starbucks were trashed, but the ideas on display should have served as a warning that the next round of trade talks will be anything but easy.

Illinois farmer and writer John Phipps has accurately labeled state-subsidized European agriculture as the world's largest museum. The European Union spends nearly $150 billion a year supporting farmers who cannot compete in the world market. European subsidies are six times ours. Europe is responsible for 84 percent of agricultural export subsidies worldwide.

The Europeans justify those payments by talking about the "multifunctionality" of agriculture. This is geek-speak for the side benefits of keeping small farmers on the land—like pretty barns and stone fences, and, most important of all, avoiding those unpleasant traffic jams that result when protesting farmers drive their tractor convoys into the heart of Brussels or Strasbourg. (Personally, just hearing the word *multifunctionality* is enough to make me want to trash a coffeehouse.)

Some environmentalists, urban liberals, and suburban romanticizers of agriculture are quite frank in their desire to see the U.S. adopt farm policies similar to Europe's. And knowing that free agricultural markets (where Americans would dominate) aren't likely any time soon with Clinton and Gore hell-bent to protect union interests in the WTO talks, more than a few U.S. farmers are pining for government subsidies of their own.

Congress hasn't yet given in, but the most recent "emergency" bill provided aid up to a maximum of $460,000 per individual farm couple. Which is sort of embarrassing, when you

TAE *contributing writer Blake Hurst helps run a family corn farm, as well as a thriving greenhouse business, in Missouri.*

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think about it. If, as agricultural economist John Otte points out, the average taxpayer sends about $4,000 to Washington, then it literally takes a village today to support a farmer.

As long as farmers and the taxpayers who have so consistently come to our aid could rationalize farm subsidies tied to production as an attempt to correct some market inefficiency, or compensate for a competitor's subsidies, then the programs could be explained away by both recipients and payers. But as farm subsidies can increasingly be seen as straight income transfers to individual farmers, then they become just another welfare program.

Subsidies remain viable because voters idealize farmers as hard working, salt-of-the-earth types who are at the mercy of capricious weather and even more unpredictable markets. But with politicians like Bill Bradley and Al Gore increasingly suggesting that the government should guarantee farmers a particular level of income, then uncomfortable questions will have to be asked.

At the opposite end of the spectrum from Bradley, Gore, Clinton, and Glickman is author Steven Blank. Rather than trying to preserve family farms like flies caught in amber, he advocates unilateral surrender, suggesting the U.S. should export not grain but the entire undertaking of agriculture. Blank asserts that farming is low-tech, polluting, and low profit, and no longer has a place in America's economy. Just as we've stopped making many shoes, or televisions, or other basic commodities, we can no longer afford to farm.

Mr. Blank hails from California, where agriculture is under harsh pressures from development, environmentalists, and other claimants for limited water. If he spent some time in the sparsely populated areas of our Midwest—where the most advanced agricultural infrastructure, most fertile soil, and most accomplished farmers in the world reside—he would come to a different conclusion. America has a tremendous competitive advantage in the production of food—an important, profitable, and now quite high-tech industry. The only thing standing in our way is an unwillingness on the part of our leaders, and those of the countries we trade with, to see that American farmers can more effectively feed and clothe the world than any others. Removal of international barriers is all that stands in our way.

Freedom to Farm was a step in the right direction. While today's farmers are experiencing serious short-term pain, the solution isn't to return to yesterday's programs. They're the ultimate source of the problem, not the answer.

We are still paying the price for 65 years of government farm programs that sent exactly the wrong signal to farmers. These measures created an incentive to plant too many acres. When the supports were removed, the excess production capacity they built up remained in place. It should come as no surprise that we now have surpluses and low prices.

But Freedom to Farm has proven that farmers will react to market signals. Low wheat prices have led to a 20 percent drop in wheat plantings in the last three years. So long as government programs do not return, these kinds of adjustments will eventually bring new balance.

The shutdown or consolidation of 4 million farms over the last 60 years was a trauma for some of the individuals affected, but it has been a boon to the nation's economy. Thanks to vastly increased efficiencies, the proportion of the average American's income spent on food has dropped from over a quarter to under 11 percent in a generation.

Those farm retirements were often even good for farmers. Having marginal producers close down is a boon to the efficient producers left behind. And even the ex-farmers who moved to town usually ended up in better straits. A study of Oklahomans who left farms in mid-career showed that they were better off ten years after the transition by a margin of four to one. When times are tough, emergency programs are welcomed in farm country, but the cold reality is that such measures keep resources in agriculture that might be better applied elsewhere.

Which is not to say that the passing of so many family businesses isn't painful for those who live on the farms, and for those who value rural life. Most farmers had fathers who farmed, and grandfathers. Yet most youngsters raised on a farm today will not be able to choose agriculture as their occupation.

Today's farmers are in serious short-term pain, but the solution isn't a return to yesterday's programs.

Advocates of government farm programs give the impression that shrinkage in the number of farmers could be turned around with the right subsidy, or stronger controls on agricultural "multinationals." But much as the sight of my son in overalls tugs at my heart, the shifting nature of agriculture won't be reversed by tinkering with farm programs, or painting corporations as evil, or treating farmers as pets.

There are two competing "visions" of the future of U.S. agriculture. One would treat agriculture as a public utility, and farmers as characters in a nationwide theme park, costumed in denim and seed corn hats, as consumers and taxpayers pay billions to maintain agriculture in a time warp. The other vision would treat farmers as independent, talented, and innovative economic producers.

The second vision can occur only if we allow our present market-based farm policies to work, and if the U.S. government will aggressively pursue a trade policy that allows the most effective producers to enjoy the benefits of their successes without distortion by government barriers or subsidies. American farmers also need a regulatory regime and a tax structure that takes into account the variability in farm incomes.

We already know how to keep farmers in bondage to government programs. The second vision, of proudly independent producers, may be harder to implement politically. But only a course of freedom offers the kind of agriculture that young people like my children will want to be involved in, and the kind of agriculture that will serve America well.

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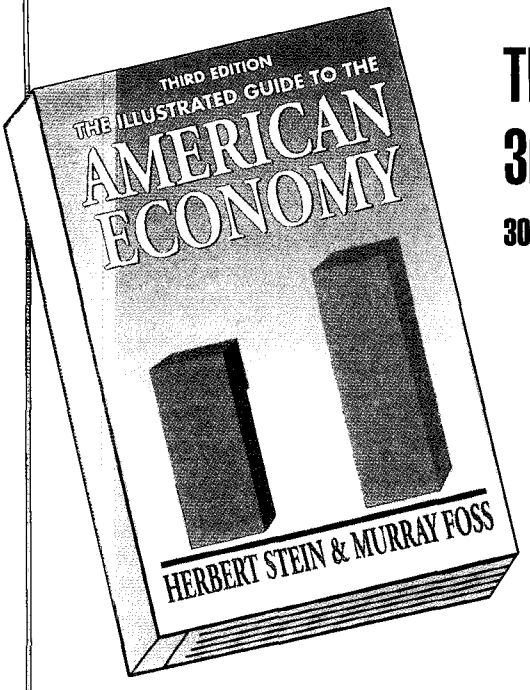

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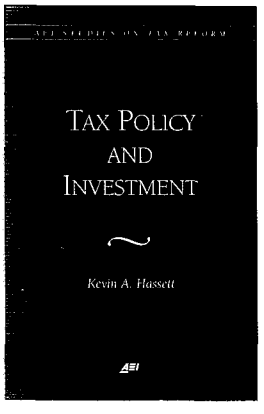

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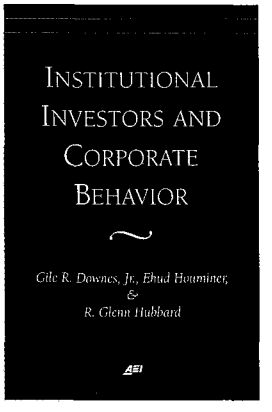

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The Evolution of

By Philip Langdon

Almost every week I drive or bike along Dixwell Avenue in Hamden, Connecticut, and see stores with "grand opening" or "going out of business" sales. There's a torrent of them, and that says a lot about the unending resourcefulness retailers must display.

On Dixwell, an aging postwar commercial strip in New Haven's biggest suburb, retailing is in constant flux. Just north of the Wilbur Cross Parkway, where the serious shopping starts, the seemingly well-run but full-price Cobb's office supply store went out of business after a Staples discount store opened across the street. In the adjoining shopping center, the glossy, full-price Steinbach's department store closed last winter, along with the other 15 stores in that chain.

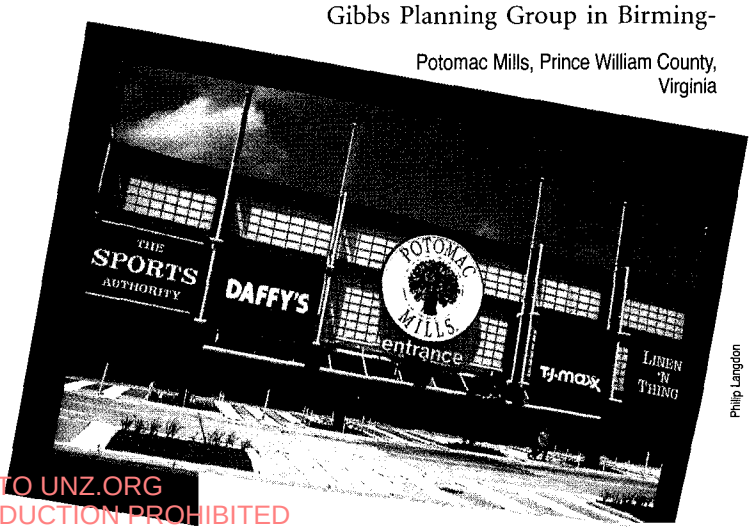
In the shopping center beyond that, the Caldor discount department store shut down this year with all 145 stores in its chain. Slightly farther on, a building once occupied by an Anderson-Little men's store has sat vacant since 1997, when the last remnants of that 75-year-old chain disappeared. On the opposite side of the street, a three-level Sears store whose clothing was an inept mix of the dowdy and the unnecessarily expensive was demolished to make way for a new center occupied by less plodding retailers such as Old Navy and Pier 1 Imports.

I cite Dixwell's difficulties because what's been occurring on a three-quarter-mile stretch of that harsh, ugly road is the story of Retail America, writ small. The country is "overstored," analysts say. Depending on which year's edition of *Emerging Trends in Real Estate* the figures come from, the amount of retail space per capita in this country has either doubled or tripled since the early 1970s, and profit margins have narrowed. Consumers have so many shopping choices that weak retailers are being ruthlessly culled out.

Yet in the midst of the retail glut, many nimble merchants find ways to prosper. One of the successes on Dixwell is Bob's Stores, a Meriden, Connecticut-based chain that operates in six northeastern states. When I first shopped it 15 years ago, the chain's Hamden store was in a plain-Jane building with aisles so cramped people bumped into each other as they passed. Such jostling in the aisles is known as the "butt-brush effect," retail consultant Paco Underhill impishly discloses in his new book *Why We Buy: The Science of Shopping*. It doesn't take many brushes before a shopper decides to go elsewhere, especially if the shopper is female.

The current Bob's in Hamden is more pleasant. Butt-brushing has subsided; the aisles are bigger. Bob's decor has been upgraded from bargain-drab to youthful-hip. The changing rooms are in a funky neon-decorated enclosure that looks like a Quonset hut brought indoors. Prices have risen, but a customer can still find terrific bargains during sales. I bought a rugged pair of hiking boots there for $50 last winter after seeing similar boots elsewhere at more than twice the price. And Bob's gives customers offbeat ways to save, such as occasionally knocking $15 off the price of a new pair of shoes if the customer turns in an old pair. Maybe that's why Bob's, 45 years old and privately owned, recently managed to open its thirty-fourth store while many of its competitors were forced to retrench.

IT'S NOT JUST INDIVIDUAL STORES or chains that need resourcefulness in order to thrive. So do entire shopping centers and their developers. Many malls are in trouble because of changes in how people shop. "In the 1960s, shopping was a fun thing. Now it's sort of a chore," says Robert Gibbs of Gibbs Planning Group in Birming-



Potomac Mills, Prince William County, Virginia

Philip Langdon

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Shopping

ham, Michigan. The average visit to a mall has dropped to just 58 minutes, about half of what it was a generation ago. Women, traditionally the mainstay of malls, are increasingly disinclined to stroll up and down the lengthy concourses. Most women are employed, and their free time is scarce. It's common now for shoppers to park as close as they can to the store they want to visit. They hurry in, make their purchase, get back in their car, and drive off. This undermines the mall's basic premise: that people will walk the concourse from anchor to anchor at a leisurely pace, being drawn into the small shops along the way. When consumers don't stroll, the small stores suffer, and the whole mall concept is brought into question.

The typical metropolitan area has more malls than it can support; when a new one opens, often an old one dies. *Emerging Trends*, a well-regarded survey despite occasional inconsistency, first predicted in 1993 that "15 percent to 20 percent of regional malls existing in 1990 would be nonfunctional by 2000." Some protested that gloomy forecast. But no longer. "Some suspect the percentage might be higher," say the authors of the survey, now produced by Lend Lease Real Estate Investments and PricewaterhouseCoopers.

Michael Beyard, vice president of the Urban Land Institute, predicts, "As many as 20 to 25 percent of regional malls are going to go away. Some will be torn down, like the Sherman Oaks Galleria mall in the San Fernando Valley, which ten years ago was *the* place." Investors are increasingly being advised to limit their mall investments to "fortress malls," shopping centers so dominant in their trading area as to be unassailable.

MALL OWNERS DEAL WITH CHALLENGES in several ways. Some malls are being reconfigured, with low-priced "big-box" stores added to their perimeter. This gives customers relatively low-priced, easy-in-easy-out shopping. There's no glamour in it, but upper-middle-class people no longer reap much prestige from buying in a fancy store, as they once did. In fact, says Gibbs, "You can brag at the country club that you bought it at Wal-Mart and got a good price."

If ordinary malls face worrisome prospects, extraordinary malls are, by contrast, doing well. One way to make a mall extraordinary is to build it huge and fill it with so much merchandise at attractive prices that it will draw not just from its metropolitan area but also from 200 to 500 miles away. In Prince William, Virginia, about 25 miles south of Washington, D.C., I walked through the Mills Corporation's Potomac Mills mall with general manager John Ralston. Potomac Mills opened in 1985 and has been expanded twice since then. It is "seven-tenths of a mile from end to end," Ralston notes, with 230 stores, nearly 1.7 million square feet of enclosed space, and 9,000 parking spaces. It is convenient to Interstate 95 via two major interchanges. "Twenty-three million people came last year," Ralston says. "It's the most visited attraction in the state of Virginia."

> As many as 20 to 25 percent of regional malls are going to go away.

People come because it has 17 anchor (over 40,000-square-foot) and "major" (20,000- to 40,000-square-foot) stores, including IKEA home furnishings, Nordstrom Rack, Burlington Coat Factory, and Off 5th–an "outlet" store the mall coaxed the initially reluctant Saks Fifth Avenue into creating. There are now 40 Off 5th stores nationwide; Mills executives take pride in getting new concepts started, in part because they can be incorporated into Mills projects across the country.

Potomac Mills entices people by advertising "everyday savings of 20 to 60 percent," although customers need to be knowledgeable about what they're buying; some merchandise sells at or near full price. Ralston says Potomac Mills has carved

Philip Langdon is a TAE *contributing writer and author of* A Better Place to Live: Reshaping the American Suburb.

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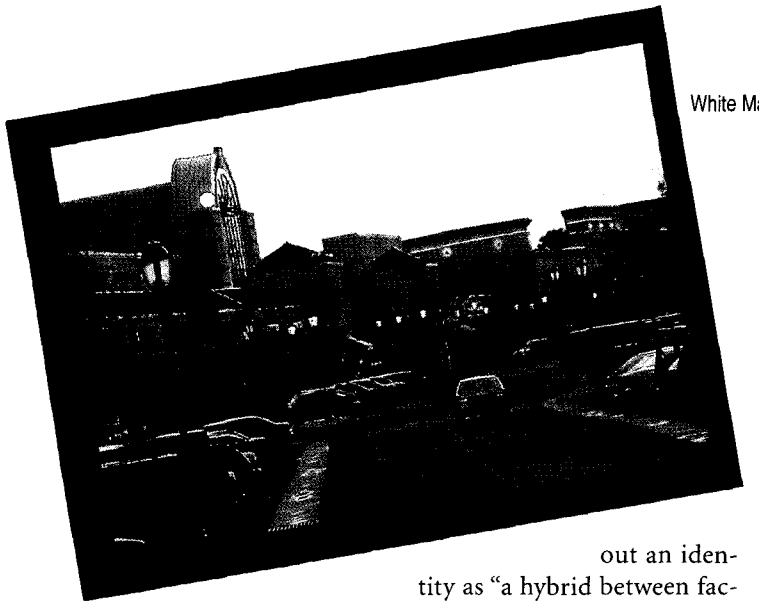

White Marsh Town Center, White Marsh, Maryland

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out an identity as "a hybrid between factory outlet and super-regional mall." The hybrid is being rewarded with an average visit of three hours. Tour buses come from as far away as Ohio.

Merchandising is boosted by video screens that hang from the concourse ceiling, presenting "Mills TV"—bits of entertainment interspersed with promotion of stores and products. TV production facilities are located in the mall so that even the smallest store can develop a promotional piece.

Potomac Mills doesn't just tolerate individuals who walk the concourse for exercise. It organizes them. More than 3,000 people wearing ID tags are registered "mall walkers," encouraged to walk the concourse between 8:30 a.m., when the doors open, and 10 a.m., when the stores start their day. Walkers who log 2,000 miles on what Ralston describes as Potomac Mill's unusually "giving" surface (hardwood flooring on top of plywood, rather than a punishing surface such as tile) are invited to an annual breakfast in the food court to receive plaques and T-shirts.

Last year the mall introduced a concierge service, located just inside the main entrance. Its employees make hotel reservations, exchange currency, arrange car rentals, and book vacations for anyone visiting the mall. The concierge service generates a profit for its operators and for the Mills Corporation, at the same time that it enhances the mall's customer-attentive atmosphere. Observes Ralston: "You try to anticipate people's needs."

Newer Mills properties such as Ontario Mills in southern California and Grapevine Mills near Dallas reflect yet another tactic the company uses to lure customers who are blasé about conventional malls: "Shoppertainment." "The shopping *experience* is almost as important as the things you purchase," executive vice president Mark Rivers emphasizes during an interview at the company's headquarters in Arlington, Virginia. The objective is to put the fun back in malls, "to pack eight pounds of experience into a five-pound bag."

So besides having plenty of movie theaters (52 screens at Ontario Mills), the company nurtures new enterprises such as the Rain Forest Café (a restaurant where the atmospherics include cool mists, waterfalls, and crescendos of lightning and thunder) and GameWorks (an entertainment venue featuring video and virtual-reality games). The company worked with the owners of a catalogue retailer to develop Bass Pro Shops Outdoor World, a huge store (the one in Katy Mills near Houston covers 130,000 square feet) which sells camping and fishing gear and outdoor apparel in a setting that includes a four-story waterfall and a trout stream where customers can test hookless lures to see how the fish react.

So big are Mills' malls that the company now lays out the concourse as an oval (also called a "racetrack"). Gone is the Potomac Mills disadvantage of customers' having to go the end of a concourse and then retrace their steps. With the oval layout, people just follow the loop and end up back where they started.

Some observers wonder whether these giant malls could, with a sudden change in the retail climate, become dinosaurs. Perhaps, but for now they seem to be prospering. People return again and again. "We have one of the largest occupancy averages in our industry," says Rivers, "96 percent of our space is leased."

Beyard, at the Urban Land Institute, thinks a momentous shift is coming, a move away from stand-alone shopping centers. "We are at the beginning of a new trend in which retailing will be reintegrated into neighborhoods and downtowns," he says. "The nature of the shopping center will change. It will become more mixed-use. You'll see development on parking lots." Housing will be part of the combination.

The great virtue of the enclosed mall was its elimination of discomfort and distractions. But now the expunging of the outside world is seen as a flaw by a sizable portion of the population. "Over 25 percent of mall shoppers would rather be outside than inside, except on extremely bad-weather days," Gibbs says. "There's a baby-boomer backlash against climate control."

In White Marsh, Maryland, east of Baltimore, I followed signs from Interstate 95 to White Marsh Town Center and found a brand-new replica of Main Street. Stores, restaurants, and a 16-screen theater line a narrow street just long enough for a parade: 1,200 feet. The Baltimore firm RTKL designed the complex (formally "The Avenue at Whitemarsh") with the parking lots positioned behind the buildings, so that by the time you reach the sidewalk in front of the bookstore or the bakery, you regard the place less as a shopping center than as a *town* center. There are sculptures, a plaza, a fountain, and pleasant places to sit and watch people passing by.

White Marsh is not a real downtown; the library, town hall, post office, churches, fire department, and other institutional elements of a genuine community are missing. Also absent is housing. Nonetheless, White Marsh is a step toward a more social vision of the shopping center. "People are there more for the experience than for the goods," says Gary Bowden, senior vice president at RTKL. Looked at with a cold eye, then, the task of the developer and the merchants is to stage experiences for the customers. At White Marsh, those experiences have to do with the desire for a sense of community.

What White Marsh and the growing number of recreated Main Streets would benefit from, however, are more opportunities not just for the pleasures of community but also for the *responsibilities* of community. Part of the appeal of an authen-

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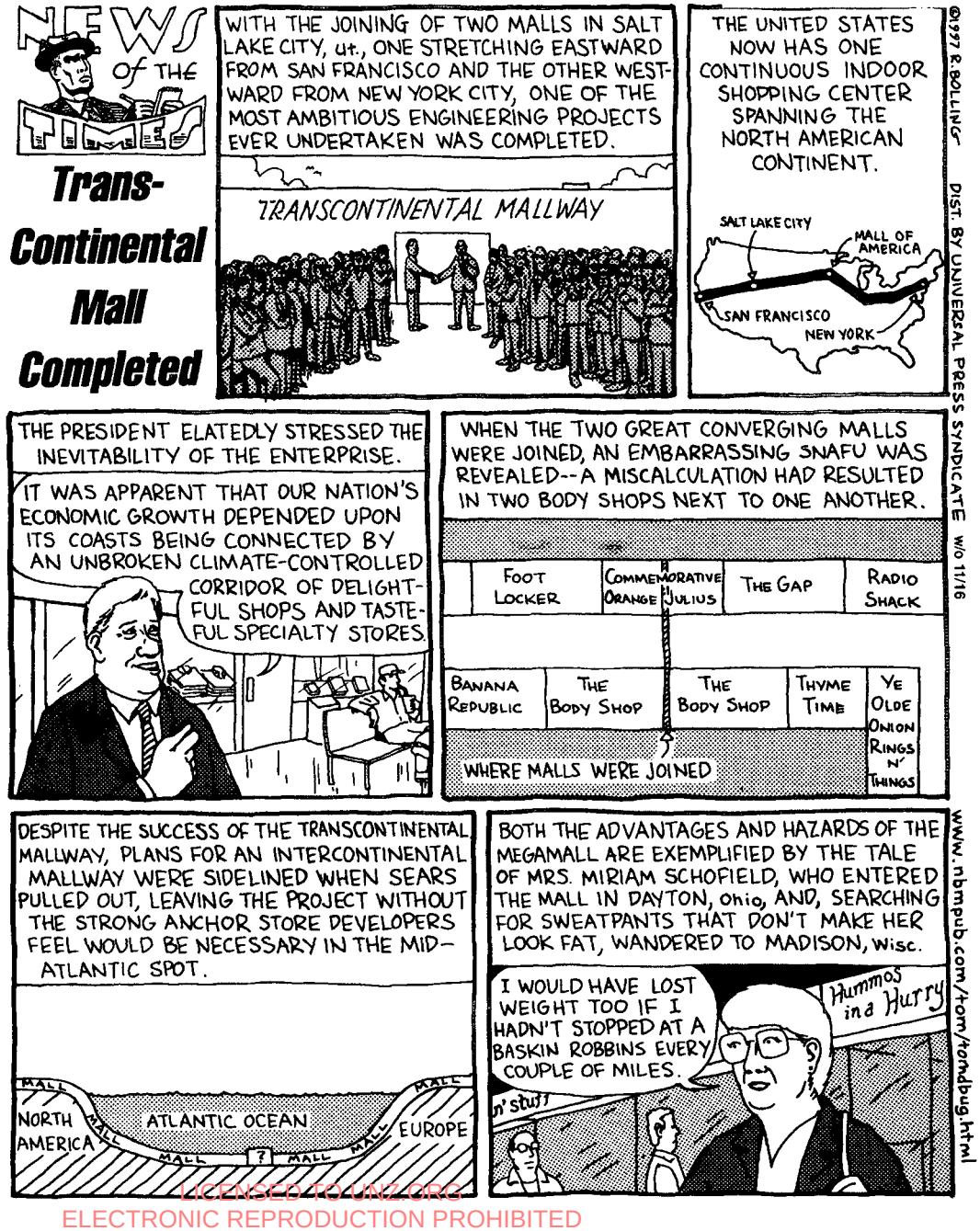
tic Main Street is that it brings together people who have gained, and are still working for, their fellow citizens' respect by doing things for one another or for their community—serving in local government, contributing to the public library, volunteering in local civic efforts. Just being a consumer is, in the end, not a very rewarding role to play. If businesses want to tap the pervasive longing for community, they'll stand a better chance of success if their shopping areas offer more than retailing and entertainment.

Evidence of this can be found in diverse older town centers and downtowns. There people start coffee houses, used bookstores, unusual restaurants, and other interesting enterprises partly because they see themselves as members of a place that's alive in more than a pecuniary sense. A number of retail chains have sensed the growing hunger for vital places and real streets (though the feeling of authenticity dims if the chains outnumber the locals). The Gap, Banana Republic, Barnes & Noble, Starbucks, and Restoration Hardware are a few of the enterprises situated in buildings that open onto the public streets and sidewalks, often in downtowns and on Main Streets.

Where successful retailers go, investors follow. Federal Realty Investment Trust in Rockville, Maryland, owns $1.6 billion of retail properties and is probably the most prominent real estate organization to have refocused its activity into districts with a traditional town character. "Many of our projects going forward have residential above retail," says John R. Tschiderer, Federal's managing director of retail development. The company's projects range from Bethesda Row—a mix of renovation and new construction in a five-block section of the downtown in affluent Bethesda, Maryland–to the redevelopment of a vacancy-plagued 3-block stretch of Houston Street in downtown San Antonio–a much poorer place, but with beautiful old buildings. "We want to install a nice blend of national and local tenants," says Tschiderer.

"The shelf life of retail is relatively short," says Mark Rivers at Mills Corporation, so imaginative leaders are "trying to capture lightning in a bottle." The reasonable assumption is that there's always room for a retailer who does something different and better. "America isn't necessarily over-retailed," Rivers asserts. "It's overcopied."

> *We are at the beginning of a new trend in which retailing will be reintegrated into neighborhoods and downtowns.*



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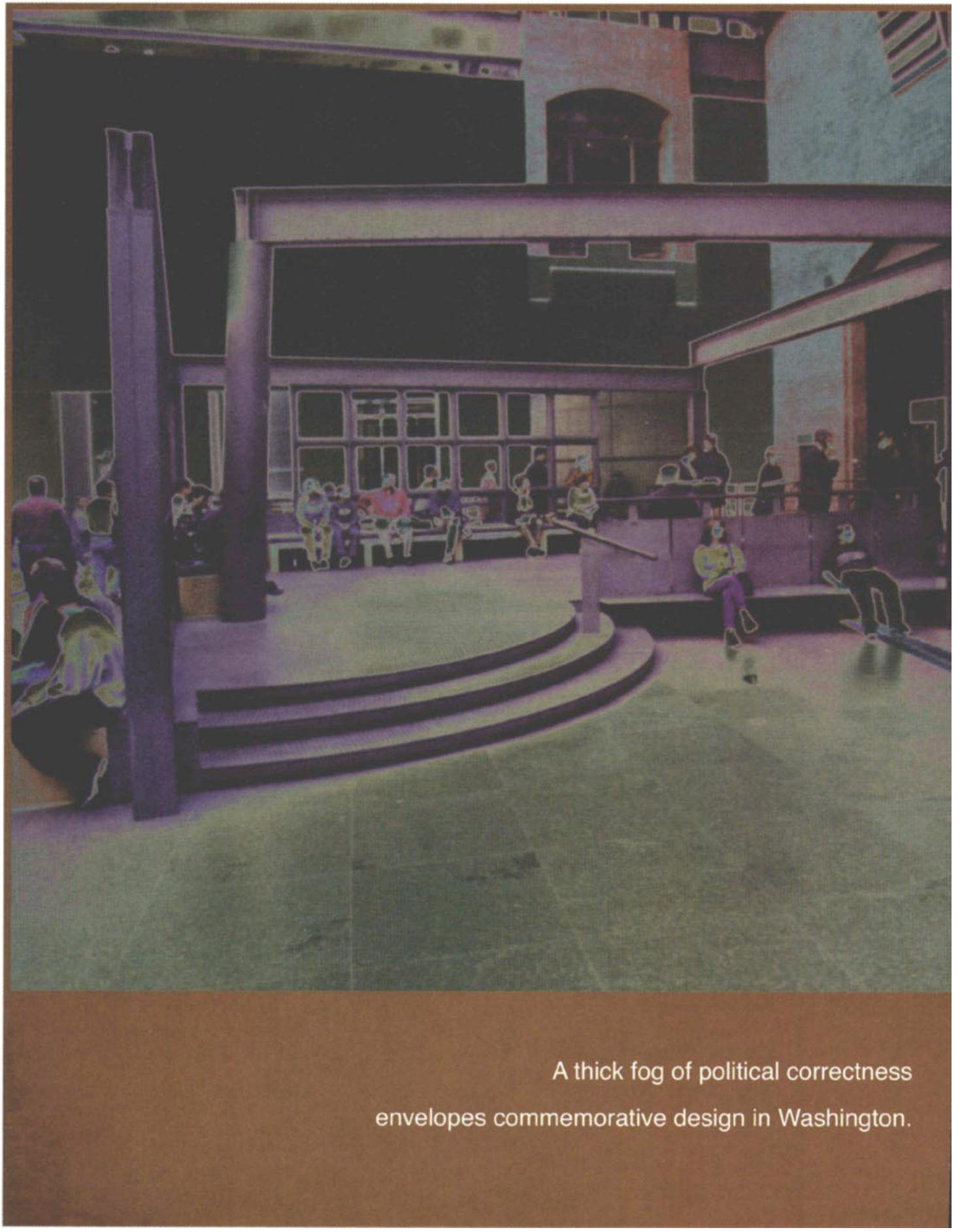

A thick fog of political correctness envelopes commemorative design in Washington.

Photograph by Catesby Leigh with digital filter applied

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The Plague of New ANTI-Monuments In Our Nation's Capital

The monuments Americans see when they visit their capital are bound to affect how people think about the nation's history. Unfortunately, the considerable number of important memorials recently built, or being built, in Washington, D.C., may ultimately do little more than make visitors want to cry.

In 1995, the late Frederick Hart proposed placing a triumphal arch in the traffic circle across the Arlington Memorial Bridge from the Lincoln Memorial. The arch would serve as the site of a World War II memorial, whose construction has been a topic of lively debate for years. Writing in the *Washington Times,* Hart noted that "a degree of mass and verticality are the key elements in making a monument that attempts to raise our spirits to something higher than ourselves," and he pointed out that Washington is the only major western capital lacking a great commemorative arch.

But ask the designer ultimately selected to design the World War II memorial about Hart's idea and he dismisses it, not for aesthetic reasons but because of historical associations with the Arc de Triomphe and Napoleon. "We have a different attitude toward war," architect Friedrich St. Florian told me. "Napoleon didn't know how many soldiers he lost. We know exactly how many. We are very much aware of the sacrifice."

In his phobia against glorifying war, St. Florian seems unable to appreciate the legitimacy of glorifying the men who confront the torments of war to defend our liberties. Many members of Washington's cultural elite are similarly afflicted. As a result, the World War II memorial—the most important monumental project Washington has seen in decades, both because of the event being marked and the memorial's location on the Mall's major axis—is shaping up as a fiasco.

Hall of Witnesses at the U.S. Holocaust Memorial

By Catesby Leigh

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It will be built between the Lincoln Memorial and the Washington Monument, a location which excludes a dramatic, vertical design such as Hart recommended because nobody wants those two landmarks to suffer any competition. St. Florian has produced a horizontal, landscape design—he has, in essence, designed a place rather than a monument—that accommodates the prevailing preference for low-key, anti-heroic, "contemplative" memorials. The architect has resorted to a stripped, modernized, ersatz-classical idiom that was popular back in the 1930s.

St. Florian does avoid the high modernist pretensions that were in vogue a generation ago. In the 1960s, for instance, there was a megalomaniacal modernist scheme for a National Plaza in the vicinity of the Treasury Department and White House. Space was to be made for this deliriously overscaled project in part by demolishing two venerable hotels, the Willard and the Washington. This plan fortunately came to naught, and the two hotels are still with us.

But what has replaced these grandiose modernist visions? A series of new monuments and major buildings for our nation's capital that are painfully crimped by the absurd notion that traditional architectural styles are obsolete. The aesthetic qualities and emotional resonance of these new monuments are depressingly low.

Take the FDR Memorial, dedicated in 1997. Its designer, Lawrence Halprin, is a landscape architect, and his project sprawls over more than *seven acres* in Washington's West Potomac Park. It consists mainly of four large outdoor enclosures defined by massive walls of brownish/purplish granite, each enclosure corresponding to one of FDR's four terms in office. Halprin's massive, quarry-faced walls suggest a sort of primordial ruin. These crude structures shelter representational sculpture of astonishingly poor quality, as well as an array of FDR quotations. Landscape elements include numerous waterfalls and cascades running over and through the Cyclopean walls.

The dismal statue of FDR himself is not set on a pedestal, and it hardly inspires reverence the way Daniel Chester French's nearby image of Lincoln does. Visitors ham it up for snapshots with FDR and the dejected figures in George Segal's sculpture *The Depression Breadline*. Children gleefully tug on the ears of Roosevelt's terrier, who sits on his hind legs near his master, and clamber about the piles of stone slabs intended to solemnize the destruction wrought by World War II. On a wall is inscribed a lengthy quotation describing the horrors of war, which begins, "I have seen war," and ends, "I hate war." The date of the quotation does not appear. For the record, it was uttered by FDR in 1936, years before World War II broke out, when the President was trying to placate isolationists. The truth is that Roosevelt never saw the face of battle. "I hate war" is inscribed again on the two slab-piles near the wall inscription, in case anyone missed the point. It's one of a number of quotations which seem to have been chosen to glorify today's conventional wisdom rather than FDR's America.

The various waterfalls and cascades are picturesque enough. Their pools invite the soaking of weary feet during the hot summer months. Welcome to the kinder, gentler, anti-heroic modernist memorial. Welcome to the FDR Memorial Playground.

The first Washington memorial built with a rambling horizontal design was Maya Lin's Vietnam Veterans Memorial, dedicated in 1982. The most admirable quality of Lin's wall is its simplicity. The wall is a chevron, with its 247-foot-long arms consisting of slabs of black granite where the names of the killed are inscribed. These arms grow taller as one descends along a gently tilted grade to the chevron's vertex, where the wall attains a height of ten feet. Lin described her design as "a rift in the earth—a long, polished black stone wall, emerging from and receding into the earth." Once visitors come into contact with the mass of names and the scale of loss it encompasses, she said, "it is up to each individual to resolve or come to terms with this loss. For death is in the end a personal and private matter, and the area contained in the memorial is meant for personal reflection and private reckoning." The jury that chose Lin's design praised it as "a place of healing" and "a memorial of our own time."

A Zeitgeist memorial, in other words. Lin's wall is a remarkably effective expression of our therapeutic culture. The memorial arises from the romantic assumption that civilization folds, spindles, and mutilates us, while communion with Nature heals and redeems us. Rather than dominating the surrounding landscape, the wall is embedded in it. It is black like the earth rather than white and celestial. The wall invites the visitor to

Catesby Leigh is a Washington, D.C. architectural critic.

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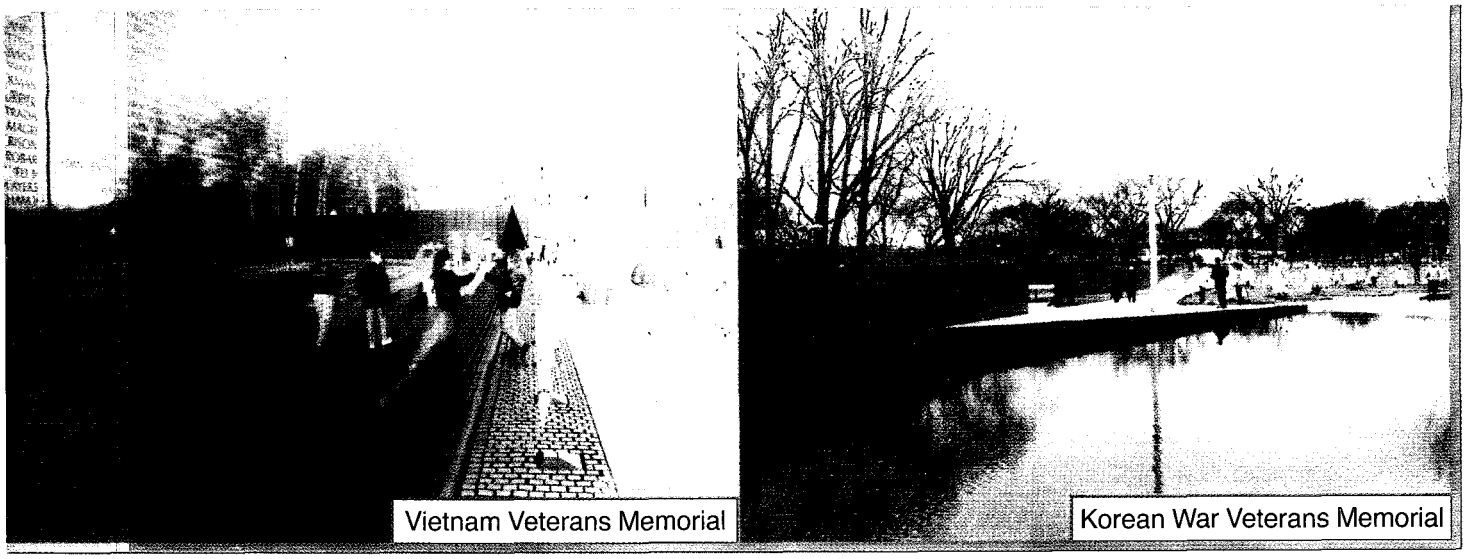

Catesby Leigh

gaze at his or her reflection in the polished granite, to reach out and touch someone—whether the name of one of the dead or missing, or one's reflected self.

The wall's tactile and reflective qualities thus compensate for its aesthetic minimalism, while catering to an ignoble sentimentality. It presents us not with a lofty ideal figuratively symbolized, but with value-neutral facts—the names. Above all, it addresses itself to the inwardly focused, autonomous self, that supremely modern phenomenon, rather than a shared ideal that demands self-denial and common sacrifice.

The Vietnam Memorial has exerted a tremendous influence in Washington, encouraging the design of one "contemplative" monument after another. But at least Lin's design is clear and focused. Kent Cooper's 1995 Korean War Memorial offers a poorly integrated repackaging of the theme. Situated across the Mall from its Vietnam exemplar, the Korean War Memorial consists of a sculptural group of 19(!) soldiers on patrol, arranged in a large triangle that tilts upward towards a flagpole and pool at the formation's apex, with a long black granite wall serving as a backdrop. This wall is not engraved with names but rather etched with extremely shallow computer-generated reproductions of snapshots of support personnel who took part in the war effort. The statues resemble slightly-larger-than-life renditions of the plastic toy soldiers children play with, and they are absurdly arrayed among low granite barriers, separated by juniper shrubs and gravel, which are intended to discourage people from wandering among them. The figures are not very animated. If they had been, the architecture critic of the *Washington Post* explained, "they could be seen as glorifying war." (Clearly a central problem with commemorative design in Washington is the thick fog of political correctness that envelopes it.)

The National Law Enforcement Officers Memorial, unveiled in Washington's Judiciary Square in 1993, suffers from the same conceptual clutter and lack of vertical integration that afflicts the Korean and FDR memorials. And it offers yet another variation on the theme of a memorial wall bearing the names of the fallen. The disjointed Navy Memorial (1990), located across Pennsylvania Avenue from John Russell Pope's majestic Archives Building, is similarly flawed and, like the FDR, offers an abundance of bad sculpture to boot.

Within a few months, ground will be broken for St. Florian's World War II Memorial, to be built at the site of the Rainbow Pool already on the Mall. The pool will be reconstructed in a plaza larger than a football field and sunk six feet below street level. At the north and south ends of the plaza, boxy pavilions with round-headed entries on four sides will rise 41 feet above the street. Inscribed with the words *Pacific* and *Atlantic*, they are intended to symbolize victory in those two theaters. Each pavilion will be adorned with bronze sculptural arrangements: four columns with eagles perched on them and clutching ribbons in their beaks from which a large laurel wreath is suspended. Minor fountains will be situated at the base of each pavilion.

A "sacred precinct" will lie at the west end of the plaza, toward the Lincoln Memorial. It will consist of a granite slab adorned with a laurel wreath and conceived as a cenotaph. Behind it there will be a tilted granite plane with a jagged surface intended to symbolize what St. Florian calls the "seismic upheaval" of war. A flame or "light of freedom" which will probably be treated sculpturally will rise from a crater sunk into this plane. At the precinct's rear will be a low half-circular wall, bearing inspirational inscriptions which remain to be determined. The cheek-blocks at each end of this wall will also be adorned with laurel wreaths and flanked by waterfalls.

Vertical elements include two water-jets in the Rainbow Pool, a pair of flagpoles at the Seventeenth Street entrance, and, finally, 56 peculiar granite pillars with slits running down their middles. Rising 17 feet above street level, the pillars will be mounted on the wall enclosing the plaza. They will be decorated with bronze laurel wreaths and inscribed with the names of the states and territories of the United States. Where is the focal point in all of this?

St. Florian's scheme gives the laurel-wreath motif quite a workout, to put it mildly. But what about the human figure, which has been the crowning element of classical design for 2,500 years? St. Florian recently said that the ramps leading from

With a phobia against glorifying war, designers seem unable to appreciate the men who confront the torments of war.

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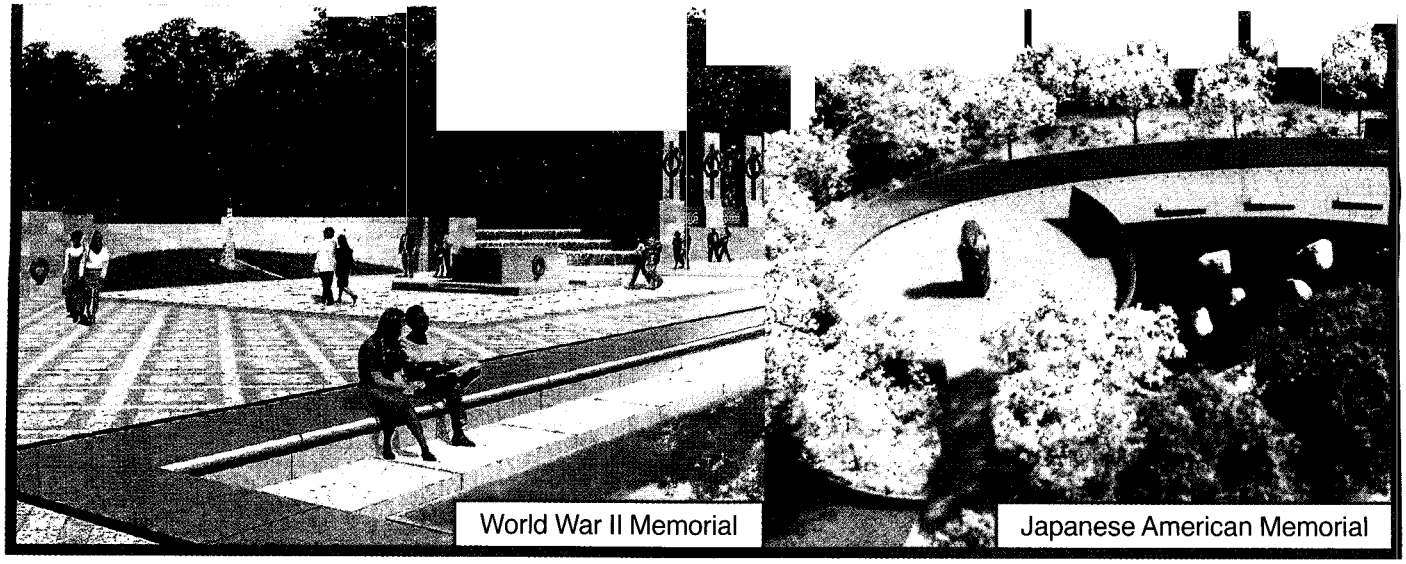

Courtesy of the American Battle Monuments Commission

Courtesy of Davis Buckley

the pavilions to the plaza might be adorned with figurative reliefs symbolizing the martial virtues. But freestanding sculpture should be the first priority.

The memorial remains hopelessly ill-situated and ill-conceived. A young man who took his turn at the podium to denounce the scheme at a National Capital Planning Commission session in June hit the nail on the head: "This memorial focuses too much on suffering and loss. We have Arlington Memorial Cemetery for that."

Aside from their lack of monumentality, Washington's recent memorials are characterized by their lack of stylistic unity. No architectural canon unites them. Classicism, except in the diluted version employed by St. Florian, is still under a ban from zealous modernists, even though it best allows us to give ideals a physical shape. Idealized natural forms, and above all, idealized representations of the human body, are the heart of classical symbolism.

Such forms have universal appeal. Why else did the student demonstrators in Tiananmen Square erect a torch-bearing Goddess of Democracy, clearly inspired by our own Statue of Liberty, as their symbol of freedom? The story of modernist design is the story of a failed quest for a worthy successor to classicism's profound melding of abstract masses, lines, spaces, and decorative motifs with more figurative, naturalistic elements. Discarding classicism's rational, ordered, human-modeled system, which was worked out over thousands of years, modernism substitutes a hyper-subjective and relativistic anything-goes design mentality. The goal of creating a heroic visual display has simply been abandoned.

This is complicated by the fact that Washington has been building *museums* that ought to have been *memorials*—and vice versa. A prime example is the so-called Women in Military Service for America Memorial (1997), located in the spacious courtyard at the entrance to Arlington Memorial Cemetery. Magnificent old wrought-iron gates abounding with gilt ornament flank the courtyard and serve as grand entrances to the cemetery. Between them, a great semicircular, niched, and balustraded retaining wall has been converted into the façade of an "education center"—read: museum.

In the "education center" gallery, the exhibit includes World War II memorabilia such as uniforms, magazine covers, posters, photo IDs, handbooks and manuals, dog tags, photographs, telegrams, medals, patches, and a pair of wire-rimmed eyeglasses. At the principal entrance to the center the visitor is greeted by a glass curtain wall which the average person would expect to contain a door—but the door turns out to have been squirreled away to the side. There was a time when architects who didn't know how to design an entrance didn't get commissions in Washington's monumental core.

In the terrace above the "education center," six large skylights support a multitude of tilted glass panels, eleven of which bear inscriptions. An inner tier of tilted glass below these panels already bears unsightly streaks of grime, but a stroll on the terrace on a late summer's afternoon affords a far more unpleasant sensory experience—that of being simultaneously blinded by the sun's reflected glare and blasted by its reflected heat.

The entries to four stairways leading up to the terrace were punched out of niches in the original retaining wall and "symbolize women breaking through barriers in the military," the official guide informs us. Concentric rings of pipe in the wall's central niche shoot water through more than 200 miniature jets. Water from this fountain flows into a narrow channel before spilling into a wide, shallow reflecting pool in the courtyard. Once again the guide comes to our rescue in explaining the significance of all this abstraction. The water-jets in the central niche, it says, "represent the individual voices of women blending in a collective harmony of purpose." Passing through the channel, "the individual voices are brought together," then they "come to rest" in the reflecting pool. "A unified, reflective voice in spirit, the pool completes the symbolic elements of the Women's Memorial."

Get it?

The U.S. Holocaust Memorial Museum (1993) also should have been a memorial, period. Located near the Washington Monument grounds, the museum has a limestone façade facing Fourteenth Street that reduces the classical idiom to graceless, abstract geometries. It contains works of minimalist "art" which are aesthetic and symbolic nullities. In the museum's interior and exterior, architect James Freed has deployed an array of gray metal elements with industrial associations. The large skylit space called the Hall of Witness contains a sitting area framed by a bizarre, quasi-sculptural metal contraption consisting of girders, a tilted cylindrical post, a gridiron frame containing glass panels, and treaded floor panels. Skewed geometries are everywhere: the

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glass-and-steel roof and clerestory are pitched at an oblique angle across the hall; rails on a stairway to the second floor are arranged at irregular angles to one another; and roof and stairway are at odds with the sculptural arrangement of the sitting area.

Three large, inverted-funnel smokestacks are theatrically arrayed on one side of the building, and the grey metal upper stories of the museum's brick towers, capped with hipped roofs, resemble watchtowers. These industrial elements are employed with exquisite care in what can only be called a decorative scheme. Think of it as death-camp rocaille.

When the metal door of the industrial-decor elevator opens onto the museum's exhibition, one is confronted by a big, flat, black steel panel out of whose outer layer the words "The Holocaust" have been cut. The phrase "Now Playing at a Theater Near You" instantly comes to mind.

The multimedia exhibition is overloaded with relics of the inconceivable catastrophe: tree trunks from a Lithuanian forest, immense heaps of shoes from the Madjanek camp, piles of rusty scissors, kitchen utensils, and even clothes-hangers confiscated from prisoners at Auschwitz. An abundance of useful historical information is also on display—along with some disinformation. The anti-Christian bias in a short documentary film on anti-Semitism, for instance, ignores the atheistic, Nietzschean mentality lying at the heart of the Nazis' crimes.

The Holocaust did not take place on our shores, but it was an episode of universal significance, like the hundreds of millions of deaths resulting from Communist tyranny that have yet to find commemoration in Washington's monumental core. Yet if either or both of those two abysmal holocausts of the twentieth century deserved remembrance in the monumental heart of Washington, it would have been better to opt for symbolic representation rather than documenting them through a tedious museum. The Holocaust Memorial leaves visitors not with a feeling of catharsis but rather a feeling of having experienced a cross between a very large medical exhibition and a very long tunnel of horrors. Perhaps a building simply isn't meant to serve the purposes the organizers had in mind.

The goal of creating a heroic visual display has simply been abandoned.

Forthcoming addition to Washington's Corcoran Gallery of Art will amount to an exercise in disjointed architecture very different from the Holocaust Museum. The Corcoran's original building, dating to 1897, is one of D.C.'s greatest classical masterpieces. Last June, architect Frank Gehry emerged victorious in the design competition for a major expansion. Gehry's model typifies much of his work over the last two decades in that it is more abstract sculpture than architecture. The proposed design resembles a random pile of undulating metal strips with glass curtain walls folded in between. The addition's height and bulk overwhelm the building being "extended."

Not far away, on the last piece of prime real estate on the Mall, ground has been broken for the National Museum of the American Indian, scheduled for completion in 2002 as part of the Smithsonian Institution. The museum will be situated on a wedge-shaped, 4.3-acre plot near the foot of Capitol Hill, across the Mall from I. M. Pei's East Building of the National Gallery of Art. It has been modeled as "an abstraction of rock outcroppings," in the words of principal architect Douglas Cardinal.

The model looks rather like a mesa jutting up somewhere in the American Southwest. Clad in buff-colored limestone and tapering as it rises, the great rock pile will give Washington a building that appears to have sprung from the earth. Though perhaps interesting in Phoenix or San Antonio, such a creation within shouting distance of the U.S. Capitol promises to create strange juxtapositions.

The museum's surrounding landscape has been conceived as a primeval environment, complete with a "stream" fed by a cascade running down one of the building's façades, a grove of trees intended to represent a forest, a patch of "wetland" at the east end of the site, and a "meadow" which will be planted with indigenous herbs and crops. The landscape amounts to a politically correct Eden, with the Bad Guys wanting people to know they're terribly sorry they ruined the Indians' paradise. The museum's design, in short, is almost comically romantic.

Another project now under construction that will give the Bad Guys an opportunity to apologize is the National Japanese American Memorial, which will commemorate the detention of people of Japanese ancestry during World War II. Located near the Capitol and the splendid classical structure of Union Station, it is yet another anti-heroic, sunken, "contemplative" memorial. The focus of its design is a sculpture of two cranes lashed to a pedestal by barbed wire. Abundant planting, a pool evocative of Japanese landscape art, paved walkways, and walls bearing inscriptions are coherently arranged. An absurd feature is an aluminum abstraction of a Japanese temple bell, configured as a stylized towel rack.

The wartime internment of Japanese is surely a subject with which students should become familiar through American history textbooks. It is completely inappropriate, however, as a subject for a memorial in the monumental heart of Washington. The historical episode is presented with complete obliviousness to the depth of the national crisis—World War II—which provoked what was a serious, but far from deadly, injustice. Contrition, however, is today's favorite public mode.

Our nation's capital could play a vital role as a model and spur to a great renaissance of civic art and urban design in the United States. The time is right because a new generation of architects and planners with a deep understanding of the social as well as aesthetic virtues of traditional design has recently emerged, and their numbers are sure to grow in the decades ahead. In addition, many Americans have long since concluded that modernist design is a highway to nowhere, and that the classical canon's power to make us feel at home in the world is unsurpassed. A few exemplary projects in Washington (one hopes the sponsors of the proposed Victims of Communism Memorial are listening) could spark an artistic and architectural rebirth in the United States, and make up for the many monument-making opportunities that have recently been so badly squandered. We must keep hoping that beauty and sanity will make a return in the heart of our nation's capital—before we run out of room.

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A Gay Man Decries "Gay Rights"

THE GAY ACTIVISTS OF YESTERYEAR asked government to leave them alone. Their political program centered on decriminalizing homosexual relations between consenting adults. But today, as tolerance of homosexuality grows, gay activists are increasingly turning to government to impose their agenda on society. Though state power has been used as a bludgeon against gay people since at least the Middle Ages, suddenly today's gay leaders seem to be picking up the club themselves, saying, "Now it's *our* turn." This is a great irony—and a potential cause of trouble for homosexuals and turmoil for America.

THE BIRTH OF THE GAY LIBERATION MOVEMENT in America can be dated to the evening of June 27, 1969, when patrons of the Stonewall Inn, a homosexual bar in Manhattan, resisted a police attempt to close the place down. For three days a neighborhood rebellion effectively kept the police from carrying on the ancient tradition of shaking down gay bars and busting the ones that didn't pay up. In the official complaint, the operators of the Stonewall were cited for not having a liquor license. But even if they had applied, it is doubtful their request would have been granted: the state licensing bureau was notoriously hostile to gay establishments. The first modern gay protesters, then, were rebelling against regulation. Indeed, liberation from government generally was a central idea of gay liberation.

But something happened to divert the gay movement from this original goal. Today, the so-called gay rights movement sees government as the agency, not the enemy, of liberty. From socialized medicine to anti-discrimination legislation to mandatory "tolerance" lessons in the schools, there is no scheme to increase the power of government these alleged freedom fighters do not endorse.

As long as homosexual acts between consenting adults are illegal in some states, I believe organizations dedicated to their repeal have a legitimate place in the constellation of human rights causes. Beyond this strictly limited goal, however, a political movement based on sexual orientation is a grotesque aberration. The fact that the gay rights movement has taken on an increasingly authoritarian style is the inevitable result of basing political allegiances on clan loyalties instead of philosophical principles.

IN A FREE SOCIETY THERE ARE NO GAY RIGHTS, only individual rights. For homosexuals and heterosexuals alike, these rights boil down to a single principle: the right to be let alone. Politically, the gay rights movement must return to its early libertarian roots. This would begin the vital process of depoliticizing homosexuality and defusing a dangerous culture war the gay minority can never win.

Even the state "neutrality" that gay "centrists" like Andrew Sullivan advocate would force government treatment of homosexuality as on a par with heterosexuality, as seen in Sullivan's demands for gay pseudo-"marriage" and open gays in the military. True neutrality, however, would involve not recognition but *indifference*, inattention, inaction. A neutral state would neither penalize nor reward homosexual behavior. It would neither forbid nor would it grant legal status to homosexual marriage. In a military setting, a neutral state would subject all sexuality to the same rigorous regulation.

Gays must reject the nonsensical idea that they're oppressed by "heterosexism," a vile ideology that subordinates and denigrates homosexuals by insisting on the centrality of heterosexuality in human culture. There is no escaping human biology, however much such a project entrances cloistered academics who imagine that human sexuality is a "social construction" to be altered at will. Homosexuals are and always will be a rarity, a tiny minority necessarily outside of the traditional family. The heterosexual "bias" of social institutions is not something that needs to be imposed on a reluctant society by an oppressive state, but a predilection that comes quite naturally and inevitably. If this is "homophobia," then nature is a bigot. If gays use the power of the state to correct this historic "injustice," they are engaged in an act of belligerence which will rightly be seen as a challenge to the primacy of the traditional family.

Even many gay liberals recognize that the gay rights model has outlived whatever usefulness it may once have had. The idea of gay people, particularly gay men, as a victim group is so contrary to reality it is no longer sustainable. In economic, political, and cultural clout, gays wield influence way out of proportion to their numbers, a fact which has spawned numerous conspiracy theories. From the medieval Knights of Malta to the mysterious "Homintern" of more modern times, the idea of a powerful homosexual cabal is a persistent theme in conspiracy literature, one that mimics the form and style of anti-Semitic lore.

Overlaid with the victim propaganda of the past 20 years, this image of hidden homosexual power combines to produce a quite unappealing character: a creature of privilege constantly whining about his plight. If the gay political leadership is so concerned about the alleged rise of anti-gay bigotry, perhaps they will take care to project a less bash-able image.

As a specialized contingent of an army dedicated to ramming "multicultural" socialism down the throats of the American people, the gay lobby capitalizes on the worst insecurities of its constituents. Holding up the bogeyman of the "Religious Right" to keep the troops in line, the gay politicos point to Jesse Helms and say, "Without us, you wouldn't have a chance against him."

But in fact no major religious conservative has called for legal measures against homosexuals. The Christian Coalition, the Eagle Forum, and other grassroots conservative activists only involved themselves in supposedly "anti-gay" political activities defensively, in working to overturn gay rights legislation that attacked their most deeply held beliefs.

The leadership of the gay movement is playing with fire. The great tragedy is that they will not be the only ones burned. The volatility of the issues they are raising—which involve religion, family, and the most basic assumptions of what it is to be human—risks a social explosion for which they must be held accountable. The boldness of the attempt to introduce a "gay positive" curriculum into the public schools, the militant victim stance that brooks no questioning, the blunt intolerance once they gain power in urban ghettos like San Francisco—all this, combined with the fact that the gay rights para-

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By Justin Raimondo

digm itself represents an intolerable invasion of liberty, is bound to produce a reaction from the majority.

IT'S TIME TO CHALLENGE THE FICTION that the "gay rights" movement speaks for all or even most gay people. It does not. Gay rights legislation violates the principles of authentic liberalism, and homosexuals should speak out against it—to distance themselves from the excesses of a militantly destructive movement, to help avert societal damage, and to right some grave wrongs. Those wrongs are the political assault being waged on the heterosexual family by the theoreticians of the gay rights revolution; the endless ridicule of religion that suffuses the gay press; and the limitless contempt for all tradition and "bourgeois values" that permeates the homosexual subculture.

And the search for a gay "ethnicity" is as much a dead-end as the effort to forge a gay political movement. In no sense is homosexuality comparable to being, say, Armenian. There is no gay culture separate from the culture in general, and in spite of pseudoscientific claims to the contrary, there is no genetically encoded gay race. There is only behavior engaged in by a diverse range of individuals, each acting from his or her own motives and predispositions.

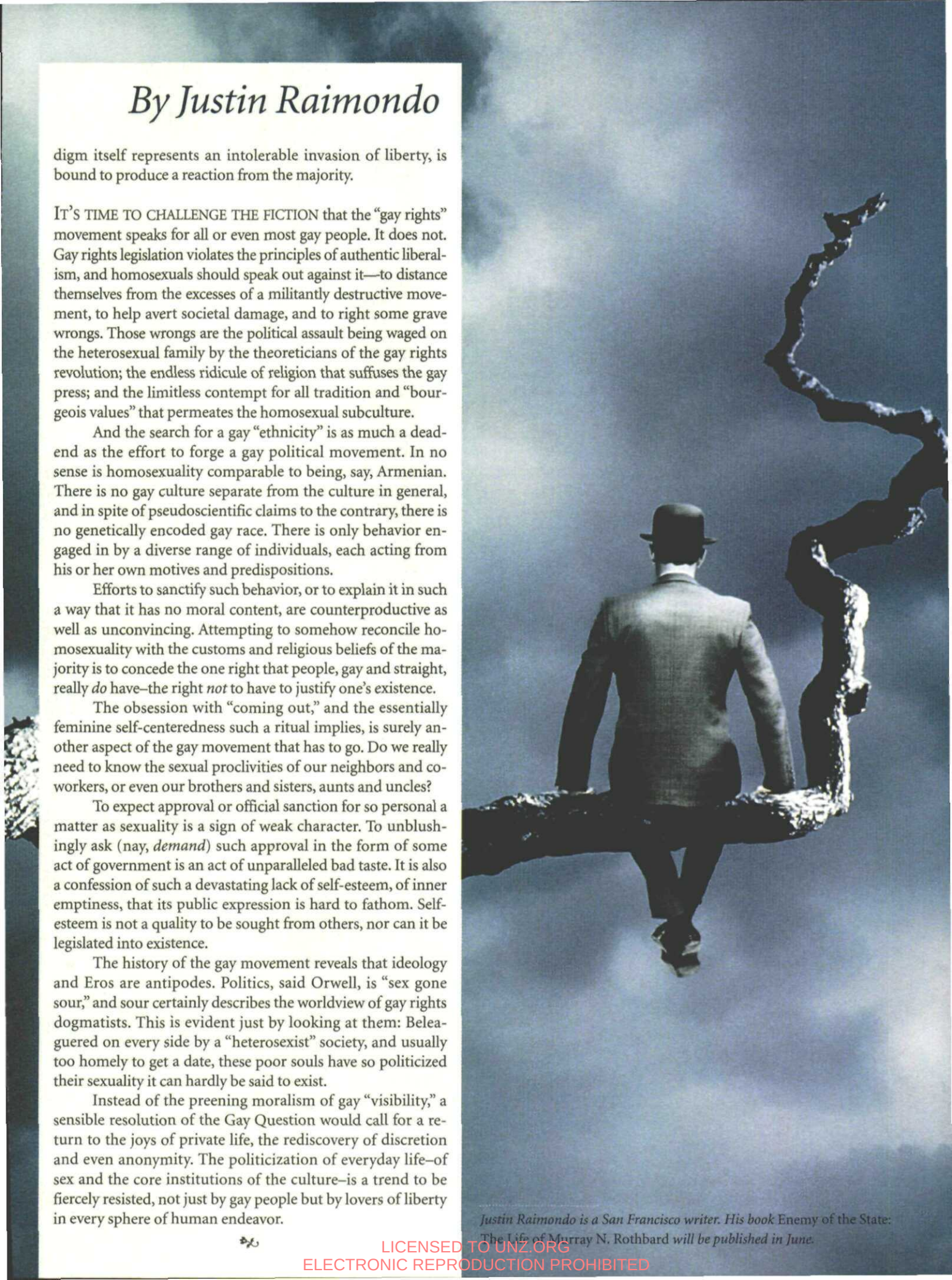
Efforts to sanctify such behavior, or to explain it in such a way that it has no moral content, are counterproductive as well as unconvincing. Attempting to somehow reconcile homosexuality with the customs and religious beliefs of the majority is to concede the one right that people, gay and straight, really *do* have–the right *not* to have to justify one's existence.

The obsession with "coming out," and the essentially feminine self-centeredness such a ritual implies, is surely another aspect of the gay movement that has to go. Do we really need to know the sexual proclivities of our neighbors and coworkers, or even our brothers and sisters, aunts and uncles?

To expect approval or official sanction for so personal a matter as sexuality is a sign of weak character. To unblushingly ask (nay, *demand*) such approval in the form of some act of government is an act of unparalleled bad taste. It is also a confession of such a devastating lack of self-esteem, of inner emptiness, that its public expression is hard to fathom. Self-esteem is not a quality to be sought from others, nor can it be legislated into existence.

The history of the gay movement reveals that ideology and Eros are antipodes. Politics, said Orwell, is "sex gone sour," and sour certainly describes the worldview of gay rights dogmatists. This is evident just by looking at them: Beleaguered on every side by a "heterosexist" society, and usually too homely to get a date, these poor souls have so politicized their sexuality it can hardly be said to exist.

Instead of the preening moralism of gay "visibility," a sensible resolution of the Gay Question would call for a return to the joys of private life, the rediscovery of discretion and even anonymity. The politicization of everyday life–of sex and the core institutions of the culture–is a trend to be fiercely resisted, not just by gay people but by lovers of liberty in every sphere of human endeavor.



Justin Raimondo is a San Francisco writer. His book Enemy of the State: The Life of Murray N. Rothbard *will be published in June.*

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Transcript

WORDS WORTH REPEATING

Bruce Reedy Photography

Thomas Sowell

When Fairness is Unjust

By Thomas Sowell

An edited excerpt from recent remarks delivered at the American Enterprise Institute by author Thomas Sowell, whose most recent book is The Quest for Cosmic Justice.

Whenever I hear about "fairness" in education, I think back to my own education half a century ago in Harlem. I think particularly of one teacher, Miss Simon.

Miss Simon was from what I would call the General Patton School of Education. She was not my favorite teacher at the time, and I'd be very surprised if I were her favorite student. Miss Simon required us to write every misspelled word 50 times. Not in class, but at home, along with all the other homework that we had from her and all the other teachers with similar attitudes. So if you misspelled four or five words, you had quite an evening ahead of you. There would be no "Lone Ranger" that night.

Many years later, on the streets of San Francisco, I ran into a Harlem neighbor and we caught up on old times. It turned out he had become a psychiatrist and owned a home and property in California's Napa Valley. He is currently retired, living overseas with servants.

One of the things he mentioned was that over the years his secretaries have commented that he seldom misspells a word. And I said, "You know, my secretaries make that same comment. But if they knew Miss Simon, it would be no mystery."

Suppose, however, that instead of Miss Simon we'd had teachers with the enlightened views of today. Our teachers would have said, "It's not right to force these kids to be able to spell all these words. Their parents don't have the kind of education that parents in other neighborhoods have. They don't have books and magazines in their homes. These are tougher words for them than they are for other people."

I wonder what would have happened to my neighbor and me in that case. Perhaps we would have ended up on welfare or in prison. People perfectly capable of achievement would have been turned into clients, supplicants, mascots—symbols of other people's goodness.

I thought about that some years ago as I looked at the math textbooks my nieces in Harlem were using. What they were being taught in the eleventh grade I was taught in the ninth grade. But probably the teachers felt very good about themselves for being so "fair."

OUR CHOICE IS BETWEEN REQUIRING THEM TO DO SOMETHING HARD NOW, OR HAVING MAKE-BELIEVE EQUALITY AND LETTING THEM GO OUT INTO THE WORLD DOOMED TO FAIL.

In education today there's a widespread notion of "fairness" in some cosmic sense—not in the sense of treating everyone the same, but in the sense of trying to redress pre-existing inequalities.

There's no awareness of the cost of this notion of fairness—not only to the educational system but to the very people we're trying to help. It's an empirical question whether what we're giving disadvantaged people by treating them this way outweighs what we're taking away from them in terms of their own accomplishment. But it's an empirical question that is almost never asked. Because to do-gooders, the results are less important than feeling noble about offering "help."

For instance, the College Board is now trying to fudge the results of SAT tests—to "race-norm" the scores—on the grounds that blacks and others have a tough time if they are held to same standard as other people. It so happens that a hundred years ago in this very city of Washington, standardized tests were given in the academic high schools. There were four high schools at that time, three white and one black. The black high school came in ahead of two of the three white high schools on the standardized tests, and they did not race-norm the scores. That was 100 years ago. Today, no one is so utopian as to hope for any such thing.

When you tell people things like this, they say, "Oh, those were middle-class kids." You will be quite unpopular if you ask a follow-up question, "What speck of evidence do you have showing that's true?" It so happens I have more than a speck that's it's false. A survey was done of the occupations of those kids' parents: They included 52 laborers and just one physician.

Still people say, "Oh, but that's where doctors and lawyers sent their kids." As one of the former principals told me, "If this school was for the doctors and lawyers, how come we had 1,400 black kids here at one time?" In fact, the data have been available publicly for a quarter of a century: There were far more kids whose mothers were maids than whose fathers were physicians.

And so it's very hard to convince me that black kids can't do what they've already done. The same thing applies with Hispanics. I went to school with Hispanic kids who spoke English every day of the week. Hispanic kids today can learn to speak English.

Is it fair? *No,* it's not fair. It would be much fairer if they were born into a family where everyone already spoke English. But we have no control over that. That kind of fairness has never been an option. Our only choice is between making them do something that's a little harder right now, or having make-believe equality and letting them go out into the world foredoomed to fail.

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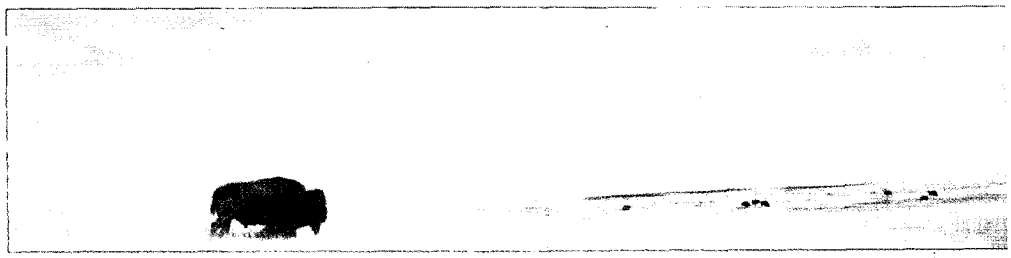

LEAVING THE CITY BEHIND

By William E. Pike

PIERRE, SOUTH DAKOTA—Riding on the Washington subway a while back, I was hit by a strong sense of *deja vu*. Just two years earlier I had taken that same Orange Line train to Vienna, Virginia, on a nightly basis. And I remembered, caught there like a sardine among the throng of 5:30 commuters, that this had been one of the many reasons I had fled the city for what was to be a very different world: South Dakota.

I had grown up on a small farm in Ohio. After four years at Harvard and another year and a half in Washington, urban life was wearing me down. I was not meant to tread along exhaust-choked streets, ride on subways, and stand in lines for everything. Nor was I willing to put up with a cynical culture, continuous late nights at work, a constant striving for material gain, and an empty view of life as a chore, not a privilege. I had seen one too many gaunt, jaundiced, suit-clad, vacant-eyed paper pushers riding on the Metro, 30 years older than me and not a day wiser. I knew I must escape before I, too, fell into this trap called The City and suffered under its slow death sentence.

And so my wife and I, while on our honeymoon, went apartment hunting in a town I'd never seen, and which only a year before I hadn't even known how to pronounce: Pierre, voiced by the residents of this state as "peer." Soon, beating out a winter storm by hours, we returned in a small moving van and began an adventure few of my fellow Metro-riders could envision in their cubicle daydreams.

I thought I knew what I would find in rural America. Wrong. I did not know what *rural* meant until I came to South Dakota. Turning off of I-90 in the middle of this state, one drives over 30 miles of essentially nothing but grass to reach the capital. After about 15 miles, at night, one sees Pierre far off in the distance, lights gleaming, looking like a metropolis of tens of thousands. But no, it is merely an illusion. Our capital city, the only town for miles around, is home to perhaps 13,000.

In the two years since our arrival we have visited all but a handful of the state's counties, doing our best to acquaint ourselves with small towns, ethnic festivals, overlooked museums, out-of-the-way historic spots, and scenic wonders off the beaten path. Throughout these travels, and at home in Pierre, we have often marvelled at the fact that this state and Washington, D.C.–let alone Boston–are actually in the same country.

More often than not we find ourselves in a county larger than Rhode Island, with fewer than 2,000 residents. One drives for hours and hours, yet never leaves the single congressional district, or the single state area code. We have taken 200-mile drives without reaching a stop sign, or even a town of over 100 people.

This is certainly not paradise, but in many ways we found what we wanted in leaving the city behind us. I still reach for a key upon walking up to our apartment building, forgetting that the building's front door is never locked. We are among the only residents of Pierre to lock our car doors. We take walks at any time of night, along any street, or even out of town and into the surrounding edges of prairie, without the slightest fear (except of speeding pickup trucks).

On my first day of work, I was first surprised when, at noon, everyone vanished—to eat lunch at home. Second, at a hair past five o'clock, when I was still reading through some files, someone popped his head into my office to ask why I wasn't leaving. I looked out, and to my amazement, *everyone had left!*

We have found it impossible to spend over 50 dollars on dinner for two in Pierre—even with appetizers, wine, desserts, and the priciest main course. Jeans are acceptable everywhere. One of my wife's acquaintances simply refuses to believe that I owned a tuxedo.

But being an outsider does have its pitfalls. For months people would ask us suspiciously why we moved to South Dakota. Even I, an Ohioan, am often seen as an "easterner." One state legislator I was to work closely with, upon meeting me, explained he was a farmer, and then added, "You know, this is an agricultural state," as if I hadn't figured that out yet. In Washington everyone I met asked, "Where did you go to school?" Not a single Dakotan has asked me that.

And when they find out, it rarely means much. "Where is Harvard?" one new friend asked during a visit. "Massachusetts," I replied. "Oh. There many ranches in Massachusetts?" I had to admit that there were not.

Those bureaucrats I shared the Metro with would do themselves a favor by coming out to a place like South Dakota for a year or two and learning just what America really is. There are plenty of flaws here, just as anywhere, but the flaws are far easier to live with, and much easier to escape.

I finally learned what to tell people when they ask me that difficult question, Why did you move to South Dakota? I look at them, smile, and say, "Have you ever lived in Washington, D.C.?" They smile back, nod knowingly, and their suspicions end right there.

William E. Pike works for the South Dakota State Legislature.

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Trade: The Overlooked Engine of U.S. Growth

By Daniel Mitchell

Of the several factors that contributed to our economy's amazing rebound from the traumas of the 1970s, some—like reduced marginal tax rates and a more rational monetary policy—are widely recognized. Others—like transportation deregulation and corporate takeovers—are less fully appreciated. Yet of all the policies that contributed to America's economic rejuvenation, the one that has probably caused the most confusion is trade liberalization. A disturbing number of voters and policy makers now believe America is somehow harmed by international trade.

The reality is, expanded trade has been a blessing for the U.S. economy. Trade benefits consumers by lowering prices and expanding choice. It benefits business via cheaper inputs and wider markets to sell into. Perhaps most importantly, trade benefits the overall economy by forcing American companies to be more competitive, leaner, always on their toes, and by helping ensure that resources flow to the highest-value uses. As leading trade expert Jagdish Bhagwati of Columbia University and the American Enterprise Institute summarized in a recent interview with your author, "Trade is an engine of prosperity."

One almost feels sorry for protectionists. Think of the argument they have to make. Over the same period that U.S. trade with the rest of the world has soared, our economy has enjoyed a remarkable renaissance. Are we supposed to believe everything would have turned out better under protectionism?

The data documenting trade growth over the last two decades are remarkable. Exports soared from $272 billion in 1980 to $934 billion in 1998. Imports jumped from $292 billion to $1,100 billion. Exports now account for 11 percent of our gross domestic product—up sharply from 7 percent in 1985, meaning that trade has expanded even faster than the economy. Moreover, America's share of global trade has grown. In 1980, we accounted for 23 percent of the world's total; by 1997 this was up above 28 percent.

AS U.S. TRADE WITH THE REST OF THE WORLD HAS SOARED, OUR ECONOMY HAS ENJOYED A REMARKABLE RENAISSANCE. WOULD EVERYTHING HAVE TURNED OUT BETTER UNDER PROTECTIONISM?

Today's bloom of trade began after World War II, when negotiations resulted in the General Agreement on Tariffs and Trade (GATT), an agreement that resulted in about 45,000 tariff reductions in the 23 countries participating. Further negotiations followed, with additional reductions resulting roughly every decade or two. The success of these efforts is best seen in the fact that taxes on trade (which is what a tariff is) are now 90 percent lower than they were when GATT negotiations began.

With some exceptions, America has led the way, and can be considered a free trading nation. U.S. tariffs now average less than 3 percent and we maintain few non-tariff barriers to trade. America still imposes fewer restrictions on trade than most of its major partners, though most nations are moving toward open markets.

Our support for free trade is not an act of charity, but something very much in our own interest. Trade, for instance, keeps prices down for American consumers and businesses. Between 1985 and 1999, while overall U.S. prices rose by about 45 percent, import prices went up only 4 percent.

Some would argue that expanding trade and American prosperity are not related. Perhaps our economy would be growing even faster without open trade, they suggest. There is reason to doubt this, however.

Adam Smith and other economists taught us that people and nations should concentrate their efforts in fields where they hold a comparative advantage. The U.S. presumably should not try to be the world's number-one coffee producer, though we could undoubtedly produce coffee in greenhouses (probably employing a lot of people) if we had to. Why not? Because it would reduce our living standards and wealth if we tried to "win" the coffee market instead of pursuing better opportunities elsewhere.

If we let the market operate, its incentives and price signals will tell us where we can most productively shift labor and capital in order to succeed. It's simple, Bhagwati notes: "Exchange the things you are good at producing for those you are less good at producing." Yes, there are individual and community costs when, say, an inefficient American textile mill closes. But overall output and living standards climb as workers and funds shift into more valuable applications. That's why export-related jobs in the U.S. currently pay 13-18 percent more than

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other jobs, and 5-7 percent more even after adjusting for skills.

We also must not forget the impact of competition. A single man, for instance, on an otherwise all-female island would have very little incentive to act thoughtfully. But consider his incentives if there are many men and only one woman. The males will all seek to look their best and be attentive. This is also why rivalry is good for the economy.

Workers want secure employment and high wages. Investors want returns on their savings. Managers want to keep their jobs and get bonuses. As a result, everyone performs better and produces more when consumers have alternatives. Whether a rival is from across town, or out-of-state, or from another country, the battle to survive and prosper means constantly working to give consumers better products at lower prices. International competition has pushed American industry to stay on the cutting edge, bringing widespread benefits.

International trade also keeps politicians honest. A nation that is economically engaged with the rest of the world can ill afford policies that harm economic efficiency. As such, trade discourages foolish taxing, spending, and regulating, as well as counter-productive union practices. Open trading exposes weaknesses in schools, highways, and other traditional government responsibilities.

The positive effects of trade are confirmed by scholarly research. One analysis found that open economies grew by 4.5 percent on average in the 1970s and 1980s, while closed economies grew by 0.7 percent. A 79-country study that controlled for other factors such as education, income, and political stability found that open economies grew 2.5 percent faster each year than closed economies. A study looking at specific industries in the U.S., Japan, and Germany found that trade barriers reduced productivity growth because of less competition.

One study covering 70 nations found that a 10 percentage-point increase in tariffs on capital goods (basically, machines used for making other machines) would cause GDP to grow by 0.2 percent less each year. A 123-nation study found that every percentage-point increase in total imports and exports is associated with a 0.34 percent increase in per capita income. Over a period of years, small differences in economic growth like these accumulate into large effects on living standards.

If trade is so beneficial, why is there opposition? For one thing, those who are hurt by competition have a direct interest in seeking protection. They publicize their cause, pushing sympathetic victims and depressed communities in front of the cameras. Affected companies pour resources into campaigns calling for trade barriers. On the other hand, because the benefits of trade are widely dispersed in small packages, and harder to trace to their source, the beneficiaries of trade have less incentive to enter public debates than the smaller population of clear losers.

The opposition to trade is not just a special-interest exercise, however. Many Americans seem convinced that our trade deficit (meaning, the fact that we import more than we export) is evidence that the U.S. is "losing" or being treated "unfairly" by competitors. Certainly the word *deficit* has an undesirable connotation. Trade deficits, however, say nothing about the degree to which a country is benefiting from trade.

EVERYONE PERFORMS BETTER AND PRODUCES MORE WHEN CONSUMERS HAVE ALTERNATIVES.

With America enjoying better economic times than our major trading partners, it's no surprise we are buying more from them than they from us. And there's another reason that, as Columbia's Bhagwati puts it, "the trade deficit actually reflects our strength." Foreigners who obtain U.S. currency by selling us things have two choices of how to use their dollars. They can either buy American products, or they can buy dollar-denominated assets. Since the U.S. is the world's largest exporter, many overseas dollars obviously are used to purchase U.S. goods and services. But the rest are recycled into the U.S. economy as financial investments—stocks, bonds, real estate, whatever.

The flip side of a trade deficit, in other words, is a capital surplus. Since 1980, foreign investment in the U.S. has grown seven-fold. Why? Because many foreigners with wealth would rather invest in America because our economy and future look brightest. The only way they can do that is to first sell us something (usually at a very attractive price) so they then have dollars to spend. This works to our advantage on both sides of the transaction. The same thing happened in the nineteenth century, when America's industrial revolution was aided by lots of European imports and lots of Europeans pumping their dollars back into our economy as investors.

Hard work will be required if we are to continue chipping away at remaining trade barriers, both abroad and at home. Too many Americans think trade is a zero-sum game, where one party's gains come at the expense of another. The perception that free trade locks America into an unfair system should be combated by noting that the U.S. has won 22 out of 24 cases decided by the World Trade Organization dispute-resolution process since it was set up a few years ago. A more open trading regime can produce broad economic benefits without imposing on national sovereignty or closing off avenues for appeal and adjustment.

Unfortunately, as Bhagwati notes, "both politicians and academics have recently let the free trade side down." Clinton administration capitulations to union and environmental resistance on trade literally destroyed the recent Seattle talks aimed at launching a further ratcheting down of trade barriers. The damage will take years to undo. The scale of potential human benefit, however, makes the effort to expand free trade entirely worthwhile.

Daniel Mitchell is McKenna Senior Fellow in Political Economy at the Heritage Foundation.

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the Tax Credit Economist

A Tax Innovation Worth Fighting For

By John Hood

Buried amidst the 1999 tax cut that Congress passed and President Clinton vetoed was a pathbreaking provision overlooked by most observers. It proposed expanding the education savings accounts (ESAs) that were launched on a small scale back in 1998.

Some Republican presidential candidates noticed. Shortly after Congress adjourned, George W. Bush announced his own tax-cut plan, with expansion of ESAs as a major element. Both Bush's plan and the failed congressional legislation allow families to withdraw funds from their ESAs not only for college expenses (as currently permitted), but also for elementary and secondary school costs, including private tuition. Bush would also expand the maximum annual contribution to ESAs from today's paltry $500 to a healthy $5,000. Recently, Senator John McCain put forth his own ESA expansion.

Teachers' unions and the education establishment hate ESAs, even though the financial benefits to private-school families will be modest (limited to tax deductions on the interest and dividends that pile up in the accounts). The unions are terrified because they see ESAs as a step toward broader measures that would allow parents more choice in schools.

Some conservatives are also skeptical because they view special deductions for education as violations of flat-tax orthodoxy, which calls for a broad tax base and elimination of targeted breaks in order to keep rates as low as possible. But tax breaks encouraging school choice ought to be just as attractive to seekers of economic growth as to family advocates.

Economic progress, after all, comes not just from physical and financial investments, but from investments in education and training. Just as a $10,000 investment in engineering equipment will generate a future taxable earnings stream—and should thus be free from tax—so will a $10,000 investment in the engineering degree needed to open the business.

But investments in training, like other investments, are subject to incentives and disincentives created by taxes and subsidies. And unfortunately, educational investments are one of the most punitively taxed activities in America. That's why we have comparatively little private-sector investment in schooling. In 1998, only 8 percent of our $351 billion worth of total K-12 education spending occurred in private schools. In the college years the proportion is a still-too-low 37 percent.

Consider the Smith family, earning $60,000 a year, with two children in public schools. The Smiths would like to transfer their children to a private school with an excellent college-prep curriculum. But the tuition would cost a total of $8,000. If the Smiths pay a combined state and federal marginal tax rate of 35 percent, then they must earn $12,300 per year in order to pay the tuition (with $4,300 of this going to the tax collector). It gets worse. By transferring their children, the Smiths are effectively giving up an annual state subsidy in their public school worth $5,000 per child, or $10,000.

Not surprisingly, most folks in the Smiths' situation choose not to pay such a steep tax for improved education. Instead, they settle for a passable, mediocre, or in some cases poor education in their local public school and use their earnings for consumption, tax-free retirement savings, or college (encouraged by massive subsidies). Educational quality and the quality of the American labor force thus remain lower than they could be, and productivity and economic growth suffer.

It is not contrary to growth-oriented tax reform for Washington to fix this problem. The education savings account is the right place to start. As Bush and McCain have proposed, we should significantly increase the maximum ESA deposit. Further, we should make at least $3,000 of that annual deposit deductible as it is deposited. Next, we should allow unlimited tax-free withdrawals from the account for any educational or training expense, be it at a preschool, elementary, or high school, college, or private training firm. Withdrawals from ESAs for non-educational expenses (including retirement) should be subject to normal taxation but no penalty.

States could tack on their own additional deductions for educational savings. They might combine them with tuition tax credits. They could even use ESAs as handy places to deposit vouchers for low-income students.

Families investing in education would feel a big boost. The Smiths, for example, would receive a federal tax deduction for $6,000 of the $8,000 they spend on private school each year. That's like getting a tax cut of $3,200. Their savings would be even greater if they started making ESA deposits for their children in the preschool years, building a tax-free nest egg for future school costs.

The federal government's current mish-mash of HOPE tax credits, day care credits, and other educational subsidies could be folded into the new ESAs. And ESAs wouldn't encourage institutions to jack up their tuition levels, as some other federal subsidies do. That's because with ESA deposits, there's no "use it or lose it" dynamic. If a family shops carefully, their unspent funds can be applied to other family needs without penalty; so you can be sure they'll exert standard consumer pressures against unnecessary price hikes. That is most overdue, particularly in the college market, where Uncle Sam's mad money is encouraging institutions to raise their costs much faster than the value of a degree.

Expansion of ESAs is something worth fighting for in the future

John Hood is president of the John Locke Foundation, a state think tank in Raleigh, North Carolina.

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Flashback

TO KNOW NOTHING OF WHAT HAPPENED BEFORE YOU WERE BORN IS TO REMAIN EVER A CHILD—*Cicero*

The Tax Collector Who Turned

The Accounting Hall of Fame, located at Ohio State University, attracts considerably fewer tourists than the nearby Pro Football Hall of Fame in Canton. (Though just wait until the accountants get their interactive depreciation games installed.) The shrine is worth the trip, though, to pay homage to its most radical inductee: T. Coleman Andrews.

Andrews, a Virginian who sang barbershop quartet, was the first accountant to serve as the U.S. commissioner of internal revenue. Until one day, in the Washington version of a Damascene epiphany, the nation's head tax-collector denounced the very taxes he was collecting.

Born in 1899, Thomas Coleman Andrews became the youngest CPA in America at age 21. He served in a variety of private and public positions, including Comptroller of Richmond, where he "dramatically increased the collection rate on delinquent personal property taxes"—not exactly the mark of a "Taxation is Theft" libertarian.

After a stint as president of the American Institute of Accountants, Andrews was appointed Commissioner of the Federal Bureau of Internal Revenue by President Eisenhower in 1953. The new commissioner promptly renamed his fiefdom the Internal Revenue Service and went about cleaning up the corrupt mess left by the Truman administration. Andrews was "a blunt and hard-driving" fellow who had "trod on many a toe" in previous jobs, noted an admiring *Time*. In his new job, Andrews gave greater power to IRS field offices and launched "Operation Snoop," under which revenue agents went door to door sniffing out tax evaders.

Andrews was widely lauded for his efficiency as IRS head, but at some point during his 33 months in Washington he began to wonder if efficiency was really the alpha and omega of governance. And so on Halloween 1955 he quit. Four months later, after what he deemed a decent interval of silence, Andrews came out swinging. The income tax was a "devouring evil" that is "slowly but surely destroying the middle class," Andrews declared to a disbelieving press. Unless repealed, it would "penalize outstanding ability and success until the will to achieve has been destroyed throughout the nation and we've all been reduced to the aimless status of an indifferent conglomerate of bone, tissue, and blood."

AT SOME POINT DURING HIS 33 MONTHS IN WASHINGTON HE BEGAN TO WONDER IF EFFICIENCY WAS REALLY THE ALPHA AND OMEGA OF GOVERNANCE.

Having walked away from power, T. Coleman Andrews was now a crusader. Whereas as IRS commissioner he had instructed the agency to send income-tax kits to every school in the country so that between gym and social studies teens could learn the basics of tribute-paying, he now suggested that "every person who gets a tax return receives a copy of the *Communist Manifesto* with it so he can see what's happening to him."

Why hadn't he spoken up earlier? "My job was to enforce the law, not philosophize," he said. "I was happy as far as doing a challenging management job was concerned," but "I was constantly unhappy about what I saw the income tax doing to us."

Andrews liked to quote Elbert Hubbard's description of accountants: "spare, wrinkled, intelligent, cold, passive, noncommittal, with eyes like a codfish.... Happily they never reproduce and all of them finally go to Hell."

But once he saw the light, the renegade IRS commissioner was about as passionate and committal as they come. In a truly quixotic act that added up only in the ledger of the heart, he announced his candidacy for President on the Independent States' Rights ticket. The Republicans and Democrats "have converged onto their common highway to one-doctrine, one-party dictatorship, under which...the people are permitted only a choice of men, never a choice of political philosophies." Andrews won 167,000 votes in the 14 states in which he made the ballot. He ended his career in a business rather nobler than politics: insurance.

As IRS commissioner, T. Coleman Andrews liked to joke about the time he was getting a trim in an airport barbershop. The tonsor, ignorant of the identity of his client, was bragging about how he never declared his tips on his income tax. When the haircut was done, Andrews rose and said, "For your information, I'm the collector of Internal Revenue." To which the quick-thinking barber replied, "Shake hands with the biggest liar you ever met."

The longer T. Coleman Andrews ran the IRS, the less funny the joke seemed to him.

—Bill Kauffman

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Narcissus Enters the Press Pool

Fact: Everything interesting that has been written about Bill Clinton this decade, pro and con, has been about his personality. That is the nature of 1990s journalism.

The rush to therapeutic, personality-based reporting kicked into high gear eight years ago at the hearings on Clarence Thomas's nomination to the Supreme Court. Feminist bleatings provided the script for a new sort of media drama, one emphasizing private psychic travails over public deeds.

The psycho-battle pitted Anita Hill ("the poised daughter of so many generations of black women who have been burned carrying torches into the battle for principle," gushed *Time* editor Nancy Gibbs) against Clarence Thomas (put "a little flour on his face, you'd think you had David Duke talking," sneered pundit Carl Rowan). The ratings-fest that followed convinced the media that in a world without the kind of hard news that the Cold War used to provide, talking endlessly about peoples' private lives could be their best new way to make a living.

This is not to say that private lives aren't sometimes worthy of investigation and understanding. But '90s-style press coverage has created two serious problems: 1) The press has often become infatuated with documenting trivial aspects of *personality* rather than focusing on fundamentals of character. (Do we really need to know so much about our President's taste in junk food?) 2) More seriously, arguments over facts are increasingly fought through personal appeals that call into question the motives of those using the facts. (Way back in the 1930s Hannah Arendt exposed this as a favorite left-wing trick.)

The best of the new breed of journalists have been rewarded handsomely for their dives into the quicksand of motivation and personality. Maureen Dowd was given a *New York Times* column for brilliantly, and sometimes not so brilliantly, mocking public figures (calling Elizabeth Dole, for example, a "throwback to the days of unassailable girdles and unmussable hairdos"). Beneath its snarky wrapping, the substance of Dowd's column is mostly very conventional wisdom.

Similarly, *Vanity Fair's* Gail Sheehy has created a cottage industry around her gift

TALKING ENDLESSLY ABOUT PERSONALITIES HAS PROVEN TO BE THE BEST WAY TO MAKE A LIVING IN THE MEDIA.

for slumber-party psychobabble, on display most recently in her new Hillary book. As Judith Shulevitz of *Slate* observes, "Sheehy is a therapist to the stars, not a political reporter. She tells us how our leaders *feel*, not what they stand for...or even what we should think about the things they do."

And of course there's Sidney Blumenthal, whose political journalism landed him a White House job as Hillary Clinton's "plumber." In one infamous article for the *New Republic*, he equated the war record of President Bush—one of the youngest combat pilots in American history, shot down in action—with the war record of Bill Clinton—pot brownie addict at Oxford, constantly trying to give free mammograms to co-eds—by suggesting Bush's fear and uncertainty in a flaming plane over the Pacific were somehow equivalent to the angst of a guy writing term papers by the light of a lava lamp.

Some would object that journalists have always dissected the personalities of powerful people. True, but generally "personality" was searched for hints of the individual's professional judgment. Remember all those stories suggesting that Reagan's "cowboy" nature would be a bad match with control over nuclear weapons. But by the time Clinton's impeachment came around, the press had stopped connecting private actions to professional judgment. Clinton had become just another fascinating celebrity.

Perhaps this fixation with personality is a phase, a moment of the giggles after the tension of the Cold War. That may be the best way to understand Edmund Morris's recent biography of President Reagan, for instance. Morris began working on that book just as personality journalism was hatching, and his eventual text read much more like a *Vanity Fair* profile than a serious work of history. The book almost entirely ignores politics and policy—allotting a mere page and a half to the election of 1980, for example.

The future of this trend is unclear. On the one hand, magazines that have placed personality above politics—like Tina Brown's *Talk* and especially JFK, Jr.'s *George*—are foundering. On the other hand, Edmund Morris may simply have been ahead of his time when he inserted himself and his emotions, as a fictional supporting actor, in his supposedly non-fiction biography. The *New Republic*'s Stephen Glass wanted to be part of the story so much he actually fabricated events, with himself at the center.

Such narcissism is the logical outgrowth of personality reporting and I/me journalism.

—Jonah Goldberg

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Out of the Huddled Mass

AP Photo/Bill Kaye, ho

Among the first and last images we see in *Angela's Ashes*, the big-screen adaptation of Frank McCourt's Pulitzer Prize-winning memoir about growing up poor and miserable in Limerick, Ireland, are shots of the Statue of Liberty, that emblem of comfort for the "huddled masses" to which McCourt's beleaguered family most assuredly belonged. If Lady Liberty hovered in the background of the best-selling book, she shines her light even more brightly in the film. In bringing McCourt's memoir to the screen, writer-director Alan Parker has made *Angela's Ashes* a gritty and gripping tribute to the old-fashioned idea of working toward the American Dream.

"We must have been the only Irish family in history to say *good-bye* to the Statue of Liberty instead of hello," a young Brooklyn-born Frank says at the start of the film, as his mother and father pack up their four boys and head back to live with Angela's family in Ireland. The McCourts already have lost a baby girl, causing Angela to nearly lose her sanity. Little did they know that in the sooty, sewage-strewn streets of Limerick, things would only get worse.

Shot with a color palette so dirty and gray that the film looks as if it had been left out in the ubiquitous Limerick rain, *Angela's Ashes* is rife with familial horrors, most of which visit at night while the six McCourts share one ratty bed. Early on, they are startled out of their slumber by the ferocious fleas that have made a home in the mattress. But that experience pales in comparison to the time, years later, when Frank awakens in the middle of the night to find his little brother's cold, dead body next to him.

The overarching tragedy through all of this is the alcoholism of Frank's father Malachy (Robert Carlyle), which leaves Angela (a devastatingly weary Emily Watson) begging for food outside of churches and collecting forgotten lumps of coal along the roadside. Without a father to anchor their family, the McCourts watch as what little life they were able to establish slowly gives way to squalor.

Anointed as the man of the house far too soon, Frank manages to carry his heavy burden with the help of a strong sense of humor, one that is skillfully carried over from McCourt's memoir to Parker and Laura Jones' impressive script. Yet there is something else that keeps Frank from giving in to despair, especially as he begins to mature: the thought of returning to America, that seeming paradise of his youth. "Oh Billie, Billie," the teenaged Frank says as he listens to a Billie Holiday record. "I want to be with you in America. Oh, America, where no one has bad teeth and everyone has a lavatory."

Frank's teacher in Ireland sees something even more valuable across the Atlantic: the right to an education. "We throw our talented children on the dung heap," he tells his class. "If this is the end of school for you boys, you must go to America."

And so, indeed, Frank goes, but not in pursuit of some get-rich-quick scheme or with the intention of living on handouts from the U.S. government. Instead, he takes with him the strong work ethic that he learned while toiling at the jobs—shoveling coal,delivering telegrams, writing business letters—that earned him the money for a transatlantic ticket. These are jobs with costs (the coal dust nearly destroys Frank's eyes), but they also prove to be the most valuable experiences of the boy's life. For while hard at work he developed the determination that would allow him to thrive in a land of opportunity.

Of course, America isn't exactly as Frank dreamed it would be, something that's evident in McCourt's follow-up memoir, *'Tis*. At his first job in the United States—as a janitor at New York's Biltmore Hotel—he's disgusted by a class system that is much like Limerick's, in which wealthy snobs ignore his existence as he cleans up after their afternoon cocktails.

But jump ahead in his life, after the hours he spent in New York's public libraries, which led to a career as a school teacher, and eventually to the authorship of a Pulitzer Prize-winning book, and you'll find that young Frank's boyhood dream most certainly came true. All it took was hard work, a lifetime of perseverance, and a chance—a chance that McCourt may only have gotten in the land of Lady Liberty.

—Josh Larsen

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EDITED BY MARTIN MORSE WOOSTER

the Digest

SUMMARIES OF IMPORTANT NEW RESEARCH FROM THE NATION'S UNIVERSITIES, THINK TANKS, AND INVESTIGATIVE PUBLICATIONS

POLITICS

California Fights the Race Wars

Ron Unz, "California and the End of White America," in *Commentary* (November 1999), 165 East 56th Street, New York, New York 10022.

Though no longer a majority, whites have historically been politically dominant in California. As a result, observes Unz, an entrepreneur and political activist, California's political battles over race are a bellwether of "how our larger political world is likely to evolve as Americans of European ancestry fall into minority status during the first half of the next century."

Unz examines three California initiatives: Proposition 187, a 1994 mandate that ended most social services to illegal immigrants; Proposition 209, a 1996 measure that ended affirmative action programs in state colleges and universities; and Proposition 227, which in 1998 abolished mandatory bilingual education in public schools.

According to Unz, Proposition 187 was a divisive measure that prompted vicious anti-immigrant rhetoric from both Republicans and Democrats. Although she ultimately opposed Proposition 187, Democrat Dianne Feinstein won her race for the Senate by calling for both a national identity card and mandatory fingerprinting as ways of combating illegal immigration. Latino foes of 187 staged a massive march through Los Angeles which did little to help their cause: Television footage showing angry Latinos marching behind foreign flags "seemed to confirm the worst suspicions of white Californians that they were losing control of their state to unassimiable aliens."

Propositions 209 and 227, by contrast, were more constructive measures. Initially, Asians supported the effort to end affirmative action while Latinos remained neutral. But the underfunded supporters of the measure nearly lost when the California Republican Party subsumed backing of the proposition into a get-out-the-vote drive for Bob Dole. These Republican moves caused Reagan Democrats to switch sides, ensuring that Proposition 209 only passed by a 54 to 46 percent margin.

Supporters of Proposition 227, including Unz, insisted that their committee be bipartisan and multiracial. They enlisted many Latino parents frustrated that their children were not learning English, and benefited from a split between Latino leaders and the teachers' unions. Though its supporters were outspent by 25 to one, Proposition 227 passed by a large margin. Within a year, enrollment in California bilingual education classes fell by 90 percent.

The stories of the three propositions, Unz argues, shows that politicians should avoid both immigrant-bashing *and* government policies that promote racial balkanization. "A social policy that allots to blacks and Latinos and Asians their own separate institutions cannot long be prevented from extending itself to whites as well, especially as whites become one minority among many minorities."

Taxed Out in New York

Jerry Zremski, "Down-and-Out Upstate," in *City Journal* (Autumn 1999), Manhattan Institute, 52 Vanderbilt Avenue, New York, New York 10017.

One of the encouraging trends of the 1990s was that most of the "Rust Belt" states became economic powerhouses. Energetic governors, such as Wisconsin's Tommy Thompson and Michigan's John Engler, ensured their states achieved double-digit economic growth.

But one part of the Rust Belt—upstate New York—remains mired in economic sluggishness. While the Wisconsin economy grew by over 20 percent in the 1990s and Michigan's rose by 15 percent, upstate New York only recorded a 1.2 percent increase. The consulting firm Cognetics recently surveyed which of America's 50 biggest cities were the best place to start a business. The firm ranked Buffalo forty-third, Albany forty-eighth, and Rochester fiftieth. "Upstate New York," concludes Zremski, a Nieman Fellow at Harvard, "has been utterly toxic to business, thanks to high taxes, extensive regulation, and excessive energy costs."

Both Republican and Democratic governors have bloated New York state government. Republican Nelson Rockefeller (1958-74) "transformed New York into a state-capitalist behemoth," promoting massive expansion of public hospitals, state universities, and Medicaid. Democrat Mario Cuomo (1982-94) doubled the state budget to $60 billion and ensured that state and local taxes were 160 percent of the national average.

Since his election in 1994, Republican George Pataki has trimmed taxes by $19 billion. But according to the Tax Foundation, New York's taxes are the nation's second-highest, at 154 percent of the national average.

Regulations also discourage business. New York requires utilities to purchase electricity from "independent power producers" at artificially high rates, allegedly to prevent future energy crises. In addi-

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tion, New York's utility taxes are twice the national average, resulting in businesses fleeing New York for states with lower taxes and electric bills.

Governor Pataki is not aided by the New York state legislature, since "the majority of the state's greedy legislators have no desire to restrain spending or cut taxes." Pataki could learn from John Engler and Tommy Thompson. "New York voters should look to the rest of the Rust Belt. There they'll see something foreign to the Empire State: real state leadership, working wonders."

ECONOMICS AND BUSINESS

Tax Cuts' Drooping Appeal

Bruce Bartlett, "The Trouble with Tax Cuts," in *Policy Review* (December 1999/January 2000), Heritage Foundation, 214 Massachusetts Avenue N.E., Washington, D.C. 20002.

Under the Clinton administration, federal taxes have risen to their highest levels ever. In the first quarter of 1993, federal taxes consumed 18 percent of the GDP; by the second quarter of 1999, federal taxes had risen to 21.9 percent of GDP. Today, Washington consumes more of the national income than at any time in history, including World War II, the Korean War, and the Vietnam War.

But there's no national constituency for tax reform today comparable to the tax revolt of the 1970s. Bartlett, a senior fellow at the National Center for Policy Analysis, offers several reasons for that.

Americans are getting wealthier. The amount of personal wealth is rising faster than taxes are, particularly since much of this wealth is not subject to income tax. In 1998 wealth in America increased by $3.7 trillion, or 43 percent of GDP. In 1990, the increase was only $431 billion (7 percent of GDP). As long as people's wealth rises faster than their tax bills, "people will generally remain relatively unconcerned about rising taxes."

The rich are paying more. Tax changes in the 1990s have largely shifted the burden of paying income taxes from the poor to the rich. In 1990, the richest 1 percent of earners paid 19 percent of income taxes; in 1997, they paid 33 percent. The percentage of Americans paying the lowest income tax rate has risen from 9 percent in 1980 to 72 percent in 1995. Because a majority of Americans have seen their tax rates drop, they're less desperate for more tax cuts.

Voters don't believe politicians. Presidents Bush and Clinton both promised the voters tax cuts and delivered tax increases. The Republicans captured Congress in 1994 promising tax relief, but only produced a $500 child tax credit. Polls suggest that "politicians favoring tax cuts must find a better way of ensuring that their promises will be kept."

"Supporters of tax cuts need to be more sophisticated than they have been. They cannot just declare their support for tax cuts and expect hungry voters to react as if they are being thrown red meat."

Competitive Defense

Harvey M. Sapolsky and Eugene Gholz, "The Defense Monopoly," in *Regulation* (No. 3, 1999), Cato Institute, 1000 Massachusetts Avenue N.W., Washington, D.C. 20001.

In the post-Cold War era, many defense contractors have been purchased by larger firms. In the 1990s, such firms as Martin Marietta, McDonnell Douglas, and Hughes merged into other companies, while industrial giants such as Ford, Goodyear, IBM, and General Electric sold off their defense divisions.

But recently, the Department of Defense (DOD) has blocked Lockheed Martin's proposed takeover of Northrop Grumman and the merger between Newport News Shipbuilding and Ingalls Shipbuilding, claiming that the two mergers were anticompetitive. Sapolsky and Gholz, both affiliated with the MIT Security Studies Program, believe that these DOD moves are unwise. If the government wants to encourage competition it's far better to encourage competition within the armed services.

Each service has its own needs, and healthy competition between them can encourage defense contractors to produce useful weapons. During the Cold War, the services competed for the right weapon to deter Soviet ballistic missiles. This competition produced the Polaris submarine-based missile. Without interservice competition, contractors might have produced many expensive failures before developing the Polaris.

But when the DOD forces service procurement offices to work together, boondoggles often result. In the 1960s, Defense Secretary Robert McNamara wasted billions forcing the Navy and Air Force to work together to develop the TFX fighter-bomber. Years of bureaucratic intrigue resulted in the Navy being allowed to develop its own plane, while the TFX ultimately became the "Air Force's not very well loved F-111."

More recently, DOD forced the services to work together in creating the Joint Surveillance Attack Radar System (JSTARS). In the early 1970s, the Army had developed a "battlefield surveillance system ready for deployment on light planes or helicopters." But top DOD officials demanded a surveillance system both the army and the air force could use. Decades were wasted attempting to put the system on retrofitted Boeing 707s. During the Gulf War, a few JSTARS prototypes successfully scouted Iraqi bunkers, but developers are still unable to create a JSTARS that can send signals to both Army and Air Force ground-control systems. Had the Army and Air Force been allowed to develop their own surveillance aircraft, JSTARS might not still be a plane that after 30 years is still only in development.

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Sapolsky and Gholz suggest the military close its joint development offices and drastically reduce the Joint Requirements Oversight Council, which acts as "the military's central planning institution." Without vigorous interservice competition, they argue, "too much defense spending will be invested in the wrong weapons and not enough effort will be invested in truly innovative products."

SOCIETY

Disabling Government

Supplemental Security Income: Additional Actions Needed to Reduce Vulnerability to Fraud and Abuse. GAO/HEHS-99-151. General Accounting Office, Post Office Box 37050, Washington, D.C. 20013.

In 1972, Congress created the Supplemental Security Income (SSI) program to give government checks to disabled people unable to work. Today, the SSI program, administered by the Social Security Administration, costs $29 billion annually, and each SSI recipient typically receives $122,000 in SSI and Medicaid checks over a 10-year period.

But many SSI recipients, the General Accounting Office (GAO) reports, might be receiving money fraudulently. The GAO looked at a statistical sample of just over 4 million cases and found that 64 percent of the cases consisted of disabilities that "could not be objectively verified," including mental retardation, psychoses and neuroses, schizophrenia, and bad backs. Other cases involved post-traumatic stress syndrome, "unrelenting severe pain," and "vision problems that lack objective evidence" such as medical records.

Social Security often allows people to get SSI checks based largely on the testimony of third parties such as psychiatrists or doctors. Some of these middlemen have successfully placed hundreds of people on the dole; one California psychiatrist convinced Social Security that 682 of his patients were permanently disabled. Some of the middlemen receive kickbacks from their clients and can get additional Medicaid money treating SSI recipients. Non-English-speaking immigrants in particular might be likely to successfully defraud SSI because they can claim that their medical histories are in their native lands.

In 1998, Social Security created a Cooperative Disability Investigation (CDI) unit to fight fraud. Although CDI only operates in five cities, it saved the taxpayers $11 million in fraudulent claims denied in fiscal year 1999. But many Social Security staffers are reluctant to work with investigators due to the additional paperwork needed. Also, many staffers fear that placing negative comments in a case file could open themselves to lawsuits.

The GAO suggests that Social Security should do a better job in warning field offices about dubious middlemen and that Congress should grant legal immunity to staffers who turn in fraudulent SSI recipients. They also suggest that many "long-standing problems" in the SSI program are due to Social Security's "ingrained organizational culture that has historically placed a greater value on quickly processing and paying SSI claims than on controlling program costs."

OTHER NATIONS

Stay Out of the Stock Market

Nigel Ashford and Richard Miniter, *The Clinton Proposal for Social Security: The Italian Experience.* Lexington Institute, 1655 North Fort Myer Drive #325, Arlington, Virginia 22009.

President Clinton has suggested the government should invest part of the Social Security Trust Fund in stocks. Ashford, a political scientist at Britain's Staffordshire University, and Miniter, a *TAE* contributor, suggest looking first at the history of Italy's *Instituto per la Reconstructione Industriale* (IRI). "A more than 50-year track record of government ownership of stocks has been a disaster in Italy, and could have a similar result here," they write.

The IRI was created in 1933, after Benito Mussolini's government seized control of three bankrupt banks. The banks had invested substantially in Italian heavy industry, and Mussolini's regime decided to retain state control of the banks—and the stocks—as a temporary measure until the Italian economy recovered.

The IRI outlived Mussolini and grew steadily larger, ultimately controlling shipbuilders, airlines, telecommunications companies, and a majority of the Italian steel, automobile, radio, and television companies. Italy's post-war Christian Democratic governments used the IRI companies to fund generous state pensions that enabled workers to retire as early as age 50 with a check equal to 90 percent of their wages plus cost-of-living increases.

The IRI was created with safeguards that prohibited it from using its assets for political purposes. In addition, the IRI is legally separate from the Italian government, and it hires investment officers from the private sector.

But despite these barriers, IRI nonetheless pursued political ends.

Christian Democrats were stronger in Italy's rural south than in its industrialized north, so the IRI frequently made bad investments in southern projects. IRI managers also increased their holdings in aging steel factories, in part so Christian Democrat politicians could assure steelworkers that these factories wouldn't be closed as long as they remained in power.

By 1989, IRI chairman (and future prime minister) Romano Prodi admitted that 10 percent of the total workforce in IRI-controlled firms were "party stalwarts with little business experience" who could be sacked without affecting the firms' productivity. But thanks to bad investments and politicization, IRI's annual losses increased from 3 trillion lire in 1982 to 4.4 trillion lire ($2.7 billion) a decade later. By 1992 IRI had accumulated debts equivalent to $46 billion. Because IRI investments are supposed to pay for Italian retirees, these massive losses caused a pension crisis which resulted in the fall of the Christian Democrats in 1993 and a sluggish Italian economy for most of the 1990s.

The IRI story, the authors conclude, demonstrates that state investment in corporations leads to trouble.

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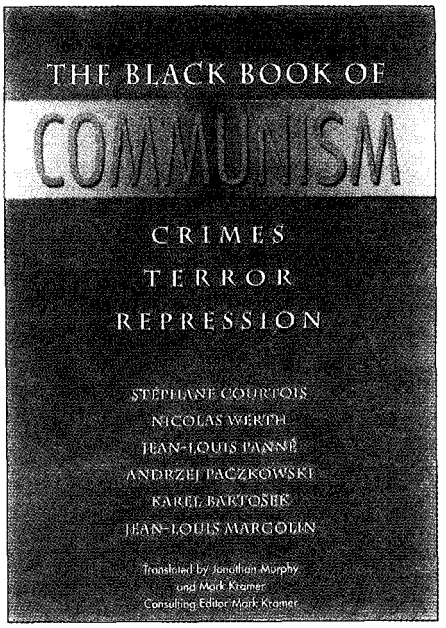
BookTalk



ADOLF'S TEACHERS

By Daniel J. Mahoney

The Black Book of Communism
By Stéphane Courtois et al., translated by Jonathan Murphy and Mark Kramer
Harvard University Press, 858 pages, $37.50

The *Black Book of Communism* is one of those rare books that really matters. It is the first systematic and comparative analysis of the "crimes, terror and repression" that accompanied Communism everywhere and that seemed to define its "genetic code." The book's centerpiece is a relentlessly documented narrative of political violence and repression in the Soviet Union under Lenin and Stalin, drawing on extensive archival materials made available to researchers since the collapse of Communist rule in 1991. But *The Black Book* also contains absorbing accounts of Communist repression in Eastern Europe, Asia, and the Third World.

This book richly displays the diverse variants of Communism throughout the twentieth century. But even Communists like Tito, Mao, and Enver Hoxha who eventually broke with Moscow always looked to Lenin for inspiration. Orthodox Communist regimes reveal a strikingly similar ideological profile. Everywhere Communism became entrenched, one discovers the same things: a single party dictatorship, the imposition of a pseudo-scientific ideology as the key to understanding all aspects of life, and an abusive and "wooden" rhetoric that demonized real or imagined enemies. Communist regimes engaged in large-scale social engineering and systematically ignored the concerns of ordinary human beings. This led to tragedy, even genocide, in cases like the Soviet "war against the kulaks" (1929-34), the Chinese "Great Leap Forward" (1958-61), and the Khmer Rouge's massacre of a quarter of Cambodia's population between 1975 and 1979.

The six contributors to this book are all French, and all hail from the Left. The book's original publication in France created a sensation, because its cumulative effect is to establish that Communism is the twentieth century's fiercest practitioner of state violence and "crimes against humanity." It forthrightly challenges the claim that Nazism has a monopoly on "absolute political evil" in our time.

The chapters on the Soviet Union and China are as powerful as they are in large part because their authors, Nicolas Werth and Jean-Louis Margolin, avoid excessive polemics and allow the evidence to simply speak for itself. If anything, Werth is excessively conservative in his estimates, drawing almost exclusively from not always reliable "official" party and state archival materials to verify politically-inspired deaths and incarcerations in the Soviet Union. Despite the limits of this method, Werth concludes that the Bolshevik regime was responsible, directly or indirectly, for the deaths of 20 million people between 1918 and 1956, and for the imprisonment in camps of millions more. He demolishes the notion of a good Lenin and a bad Stalin by showing that terror defined the Soviet regime from its inception. And he concludes that there is no basis for the claim that the terror of the 1930s was driven by overzealous Party and police officials acting independently of orders.

Likewise, Margolin's chapter on China shows that the crimes of Maoism are rooted in ideological hubris and a denial of the humanity of political or class "enemies." Margolin demonstrates that Mao committed crimes unprecedented in Chinese history, and damaged the nation in everything from economics to ethics. The devastating consequences of Mao's rule: 65 million lost lives.

Perhaps the deepest reason *The Black Book* has sparked controversy is that it argues Communism is as intrinsically perverse as Nazism. Editor Stéphane Courtois argues that Communist crimes, like Nazi ones, partake of the desire to eliminate groups of people on the basis of their origins, not because of any individual culpability or responsibility. He denies that Communism's crimes have any right to be excused or qualified because they were committed in the name of egalitarian principles. Courtois shows that Communism is an exterminationist ideology which selects its enemies on the basis of class.

Aleksandr Solzhenitsyn suggested in *The Gulag Archipelago* that the USSR's war against the independent peasantry—the so-called "de-kulakization" campaign—was the first systematic effort to eliminate an entire class of people for ideological reasons. In this sense, Hitler was Lenin's and Stalin's faithful pupil.

There remain obstacles to Communism receiving its moral due as one of the two essentially criminal political enterprises of the century. Many historians and political theorists tend to write off its crimes as the fault of secondary factors ranging from Mao's cruelty to Castro's vanity—every-

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thing except Communism itself. Secondly, there are few photographic or cinematic images of Communism's misdeeds. In an age dominated by media images, this is a major obstacle to public recognition of the enormity of Communism's crimes. And we probably cannot expect any help from Hollywood on this score.

There's a final obstacle: As Martin Malia points out in his splendid introduction, "any realistic accounting of Communist crime would effectively shut the door on Utopia; and too many good souls in this unjust world cannot abandon hope for an absolute end to inequality." For this reason, legions of academics and others will continue to ignore Communist totalitarianism and instead blame its criminality on accidental features such as "Stalinism." Communism may be dead, but the utopian impulse persists.

Daniel J. Mahoney is completing a book on Aleksandr Solzhenitsyn.

GOLDEN DAYS

By Bill Croke

A Newer World
By David Roberts
Simon & Schuster, 302 pages, $25

Gold Dust and Gunsmoke
By John Boessenecker
John Wiley and Sons, 367 pages, $30

With its sesquicentennial soon upon us, California still exerts a tremendous pull on the American psyche. To many it is a golden place of ease and opportunity, a palm-graced refuge from more harried life. Yet its beginnings were turbulent and unspeakably violent.

The father of modern California is Colonel John C. Fremont, the egotistical pseudo-explorer of the West in the 1840s (decades after it had thoroughly been wandered over by mountain men) and opportunistic avatar of American intervention in California at the outbreak of the Mexican War. In *A Newer World: Kit Carson, John C. Fremont, and the Claiming of the American West*, David Roberts gives us the intertwined relationship of Fremont and Carson, the scout the "Pathfinder" made famous.

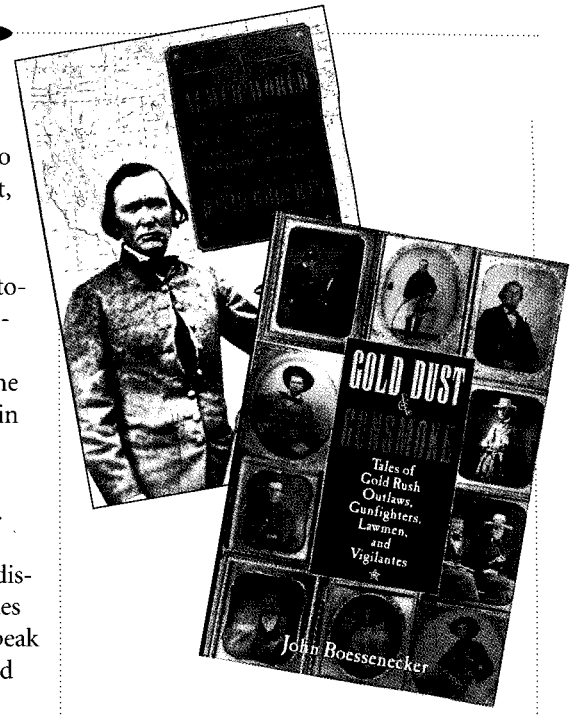
Politically well-connected thanks to his marriage to Jessie Benton Fremont, daughter of the influential senator Thomas Hart Benton of Missouri, Fremont mounted the first of five cartographic expeditions of the intermountain West in 1842. He hired Carson, then a down-on-his-luck veteran of the defunct fur trade, and the ex-mountain man guided Fremont's party to the familiar haunts of his trapping days.

Fremont was in no way an explorer. Though, for public consumption, he made much of traversing South Pass (discovered by mountain men three decades earlier) and climbing his eponymous peak in the Wind River Mountains, he would many times have been lost, starved, or attacked by hostile Indians were it not for Carson and other wilderness-savvy ex-mountain men in his employ.

In 1846, their third journey found them illegally present in northern California on the eve of the Mexican War. Receiving word of impending hostilities from Secretary of State James Buchanan only four days before war was declared, Fremont sent part of his ragtag band of 75 to take the understaffed Mexican garrison at Sonoma. There the short-lived "Bear Flag Republic" was born.

Bestowing nonexistent military authority on himself, the Pathfinder supported American naval operations at Monterey and personally took the squalid village of Los Angeles without firing a shot. This provocative freelancing earned Fremont a court-martial in 1848, and he was convicted and dismissed from the Army. Strangely (or not), President Polk remitted the sentence, leaving modern-day scholars to argue if Fremont's role in the California affair had been one of a secret agent provocateur with presidential blessing.

Carson and Fremont had visited John A. Sutter's fort previous to its proprietor's earth-shaking discovery of gold near present-day Coloma, California, in January 1848. The Gold Rush invented modern California from scratch. Never in the history of our republic has a territory so quickly metamorphosed from echoing wilderness to civic entity. Like it or not, much of this grew out of avarice and luck rather than civic virtue and hard work.



The theme of John Boessenecker's *Gold Dust and Gunsmoke: Tales of Gold Rush Outlaws, Gunfighters, Lawmen, and Vigilantes* is that picking gold nuggets out of streambeds makes people crazy.

California in 1850 lacked any prison or, in most places, official law enforcement. Vigilante justice was the norm. Placerville, for instance, was nicknamed "Hangtown." Every hamlet and backcountry gold camp had a hanging tree, and over 200 lynchings were recorded in the Mother Lode region between 1849 and 1853. The streets of booming San Francisco became a huge melting pot of crime. Transplanted Irish toughs from New York's Bowery mixed it up with hard-nosed Australians, Mexicans, Chileans, and—everybody's favorite ethnic scapegoat—the Chinese (some 20,000 passing through San Francisco by 1852).

Reports of the gold discovery reached Mexico long before the eastern U.S., and by mid-1849 over 10,000 Mexicans had arrived in the gold fields, quickly staking the best claims. In 1850, the new state legislature passed the Foreign Miners' Tax Law, charging miners who were not U.S. citizens a license fee of $20 per month. This caused racial brawls in the gold camps.

As Boessenecker's subtitle suggests, his book is a rogue's gallery of the more notorious figures on both sides of the law. One was Joaquin Murrieta, a Hispanic Jesse James, whose banditry earned him death in a shootout. His severed head was placed in a jar that toured the gold camps.

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The moral character of these boomtowns was predictable. Drinking, gambling, and prostitution flourished. Dueling, usually the result of drunken altercations, was commonplace. One male correspondent wrote: "I have seen purer liquors, better segars, finer tobacco, truer guns and pistols, larger dirks and Bowie knives, and prettier courtezans here than in any other place I have ever visited; and it is my unbiased opinion that California can and does furnish the best bad things that are obtainable in America."

Such was the genesis of one of our most interesting and influential states.

Bill Croke writes from Cody, Wyoming.

GRUEL FOR THOUGHT

By Shannon Mader

For Common Things: Irony, Trust, and Commitment in America Today
By Jedediah Purdy
Alfred A. Knopf, 226 pages, $20

Do you pine for the dewy days of John Denver and Jimmy Carter? Then you'll find what you are looking for in Jedediah Purdy, who combines the unctuous sanctimony of Hillary Clinton with the idiot serenity of Forrest Gump, to astonishingly soporific effect. A page of Purdy is not unpleasant, but a bookful is benumbing. It's like an Easy Listening station playing in the background: bearable so long as you can tune in and out, but torture the moment you're left alone with it.

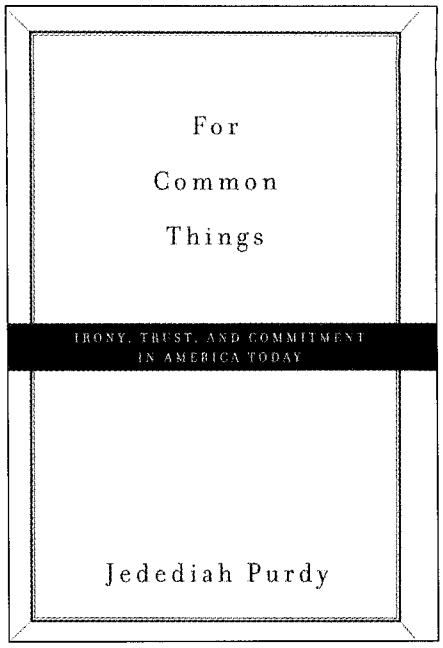
In order to understand why *For Common Things* is such a maddening book, it is necessary to see it in its proper context: The technocratic class has discovered it cannot live by bran alone, so "thinkers" like Michael Lerner, Hillary Clinton, and Purdy have taken it upon themselves to add spiritual uplift to the diet of their do-gooding compatriots. But like everything else in their diet, this spiritual uplift is of a low-calorie variety, Purdy's version being particularly thin. What we have with Purdy is a politics of meaning with the politics left out. *Seemingly* left out that is; as is often the case with liberals, appearances can be deceiving.

Ostensibly a critique of what Purdy carelessly calls "irony" (sarcasm, cynicism, and plain old apathy are his actual targets), the book emerges as a defense of public activism. But unlike your average good-government neo-lib, Purdy's conception of public life (what he calls "the commons") encompasses far more than government. In fact, there is almost nothing that it does not comprehend. The commons, he claims, "are the things we all rely upon." In one way or another, then, the commons are everything. The very concept of the private vanishes (even to speak of a private realm is, Purdy says, "misleading"), and all of life is rendered public. No wonder Robert Kuttner and the folks at the *American Prospect* are peddling Purdy: He extends It-Takes-A-Village-ism to every sphere of life.

Still, I find it puzzling that Kuttner and his crowd would rely upon so unreliable a spokesman as Purdy. For one thing, Purdy is simply not a serious thinker. It is remarkable that he could have come so far (Phillips Exeter, Harvard, Yale) while learning so little. Has he ever read Arendt's *The Human Condition*, for instance? The terms he carelessly bandies about—the public, the world, work—are rigorously defined by Arendt, in ways that would have buttressed many of Purdy's points while at the same time alerting him to the thoughtlessness of some of his remarks (for instance, his failure to distinguish between the public and the social).

Sloppy scholarship is the least of Purdy's sins, however. More serious is his inability to formulate a logical argument. Take, for example, the following *non sequitur*: "Raising a child can be a public task, not in the sense of being governed by some political principle from outside the family, but because the parents understand the importance and fragility of what they are working to convey." Huh? If importance and fragility are what make something a public matter, then presumably everything from love to vitamin consumption are subject to public interest?

Purdy's book is rife with such lapses of logic. In fact, he never actually constructs an argument. His book consists entirely of vapid platitudes ("There is nothing good that we can have alone"), lazy etymologies ("*Mundane* comes from the Latin *mundus*, 'the world'; by avoiding mundanities, we avoid the world"), and smug dismissals ("the libertarian fantasy of a wholly private life"), strung together in the form of a "love letter" (Purdy's characterization of his book—read it and weep in the preface).



But probably the weakest thing about this book is, strangely enough, its insincerity. If not quite cynical, it has a calculated air about it. From the ersatz mellowness of the prose to the cliché-ridden evocations of a halcyon West Virginia childhood, *For Common Things* comes across less as a latter-day *Walden* than as the literary equivalent of the "Sounds of Nature" CDs that urban insomniacs fork over 15 bucks for. And like the maudlin Michael Lerner or the mawkish Hillary Clinton, Purdy asks to be taken at face value. We're not supposed to ask why he manipulates our sentiments or whether such manipulation is a good thing. No, we're supposed to sit back and say, "How sincere! How moving! What fine sentiments!" And if for some utterly inexplicable reason we should call him to task for manipulating the heart, it is we who are charged with cynicism. But for this reader, at least, that is a price worth paying. If nothing else, it is less costly than the alternative: starving one's soul on a diet of insubstantial sentiments.

Shannon Mader teaches film at Loyola Marymount University.

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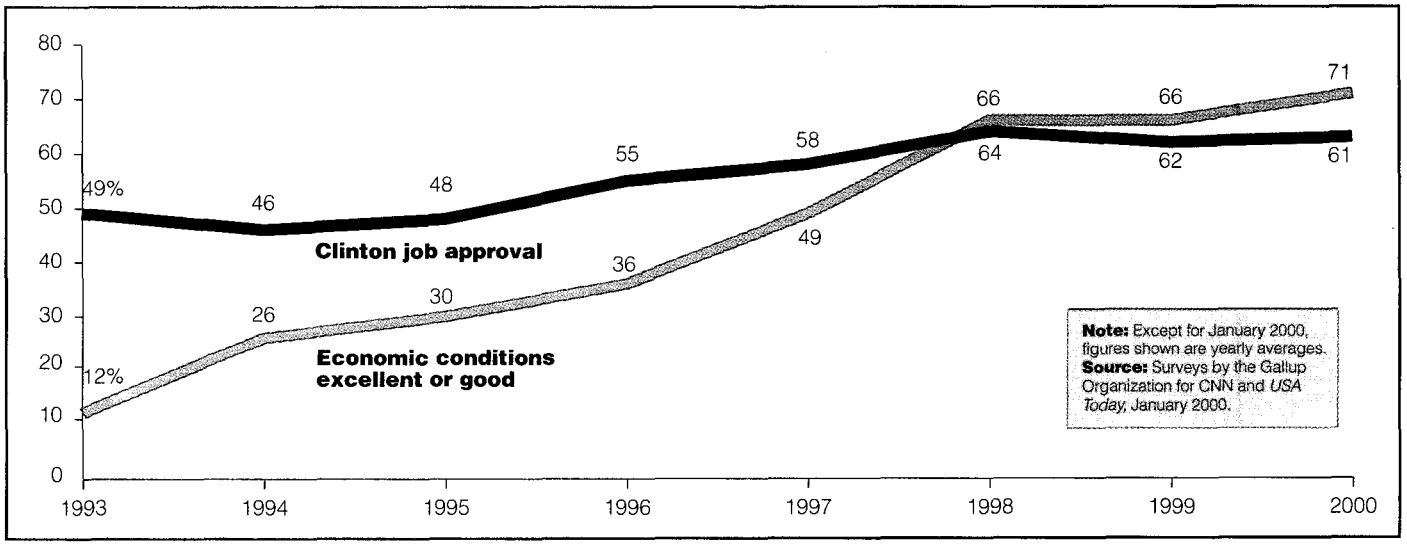
Opinion Pulse

EDITED BY KARLYN BOWMAN

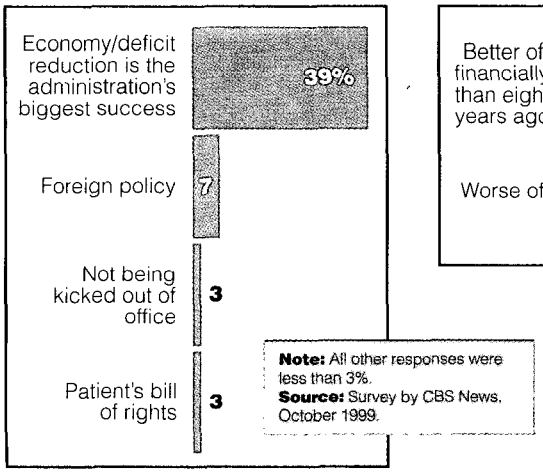
THE ECONOMY RESPLENDENT

As the chart below shows, our confidence in the performance of the U.S. economy has soared. Given the importance of economic concerns in most people's lives, it's not surprising that the economy's stellar performance has boosted the incumbent administration's fortunes. Bill Clinton's job approval rating is high. While most Americans believe that the economy and deficit reduction are the biggest successes of this administration, Federal Reserve Chairman Alan Greenspan gets more credit for the accomplishment than President Clinton does.

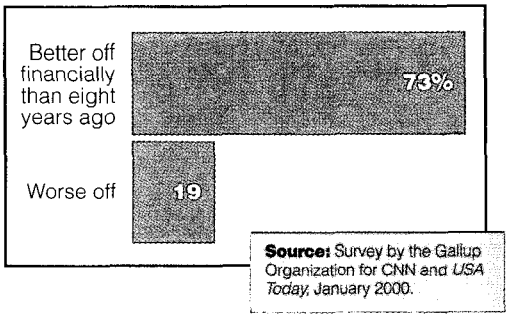
Question: How would you rate economic conditions in this country today...?
Question: Do you approve or disapprove of the way Bill Clinton is handling his job as President?



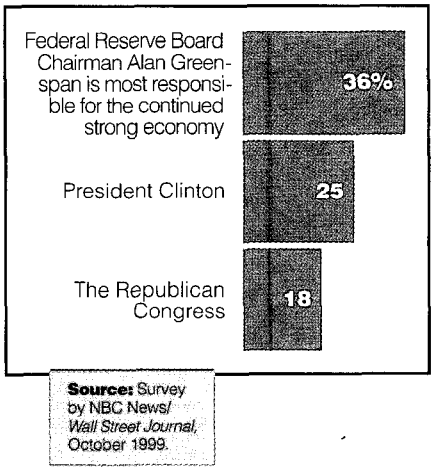
Question: Regardless of your overall opinion of the Clinton administration, what do you think is...?



Question: Are you...



Question: Which one of the following do you think...?



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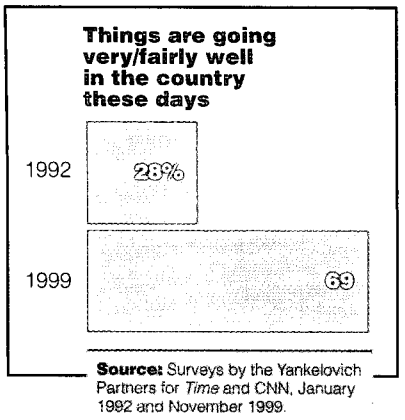
PROSPERITY EFFECTS

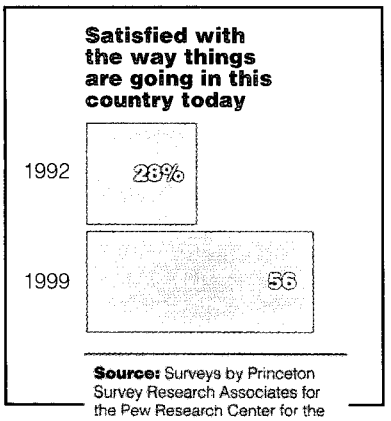
Good feelings about the economy are spilling over to other areas. Americans are more confident than in the past that the country is on the right track. They are also more satisfied with the way things are going in the country. There are other collateral benefits. There is less dissatisfaction with immigration. Surveys also show greater satisfaction with environmental protection efforts in the absence of any new environmental initiatives. There is less demand for a third party.

Question: How well do you think...?



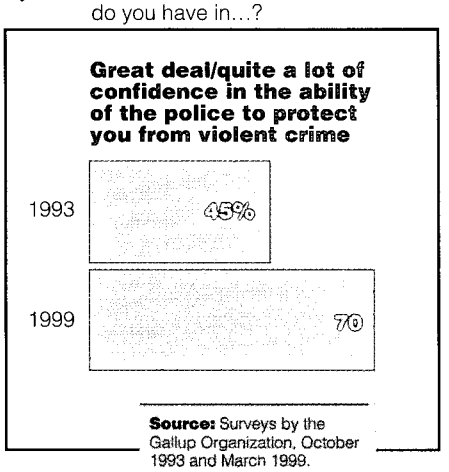
Source: Surveys by the Yankelovich Partners for *Time* and CNN, January 1992 and November 1999.

Question: Now I'd like your views on the state of the nation. All in all, are you...?



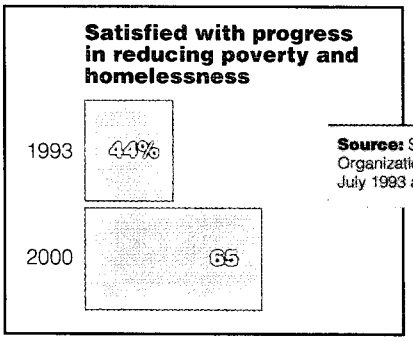
Source: Surveys by Princeton Survey Research Associates for the Pew Research Center for the People & the Press, January 1992 and July-September 1999

Question: How much confidence do you have in...?



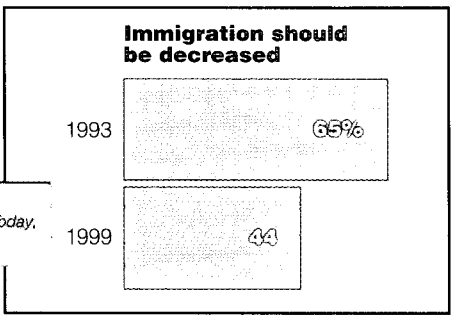
Source: Surveys by the Gallup Organization, October 1993 and March 1999.

Question: Next I'd like you to rate your satisfaction with the state of the nation in some different areas...?



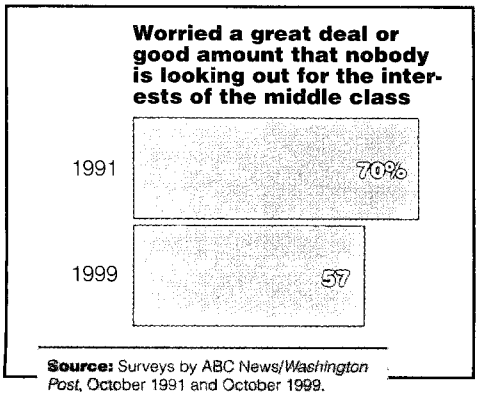
Source: Surveys by the Gallup Organization for CNN and *USA Today*, July 1993 and January 2000.

Question: In your view, should...?



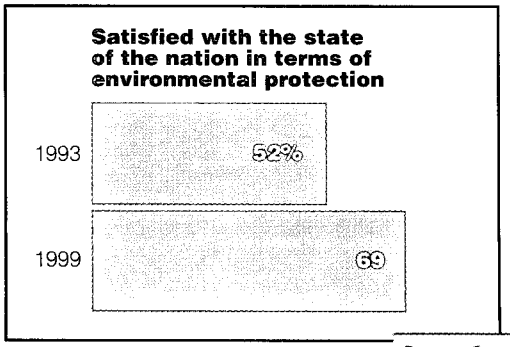
Source: Surveys by the Gallup Organization for CNN and *USA Today*, July 1993 and February 1999.

Question: We're interested in finding out what's really worrying people these days...?



Source: Surveys by ABC News/*Washington Post*, October 1991 and October 1999.

Question: Are you...?



Source: Surveys by the Gallup Organization for CNN and *USA Today*, 1993 and April 1999.

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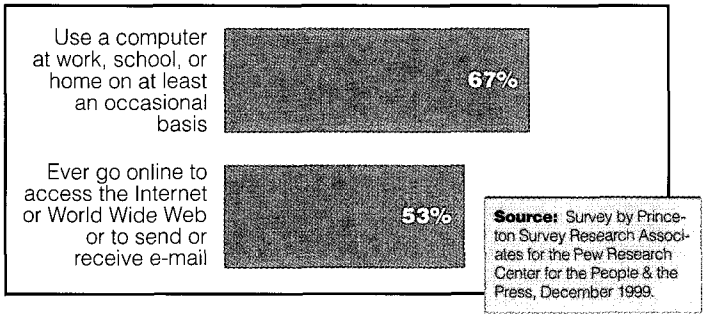
INTERNET BROWSING

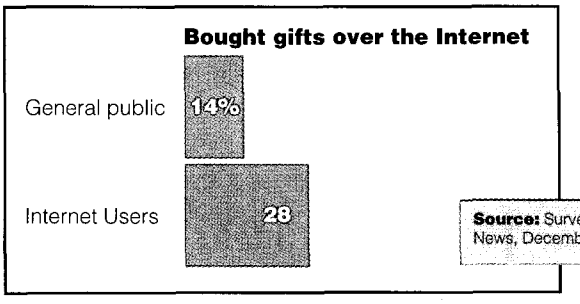
Two-thirds of Americans now say they use a computer at work, school, or at home. Half say they go online to access the Web or to send or receive e-mail, up from about a quarter just three years ago. Around 15 percent bought some holiday gifts on the Internet in 1999, double the number from 1998. Of those who go online to get news, the weather is the most popular topic. Politics ranks far behind. Americans are divided about Internet voting. A bare majority say Internet sales should be taxed, but four in ten disagree.

Question: Do you...



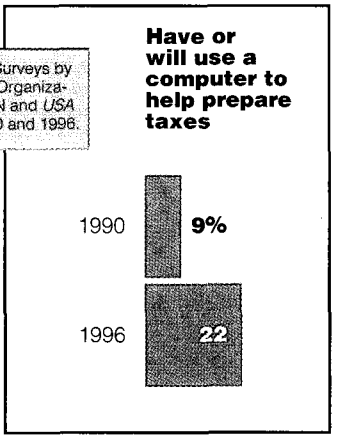
Source: Survey by Princeton Survey Research Associates for the Pew Research Center for the People & the Press, December 1999.

Question: Have you already...?



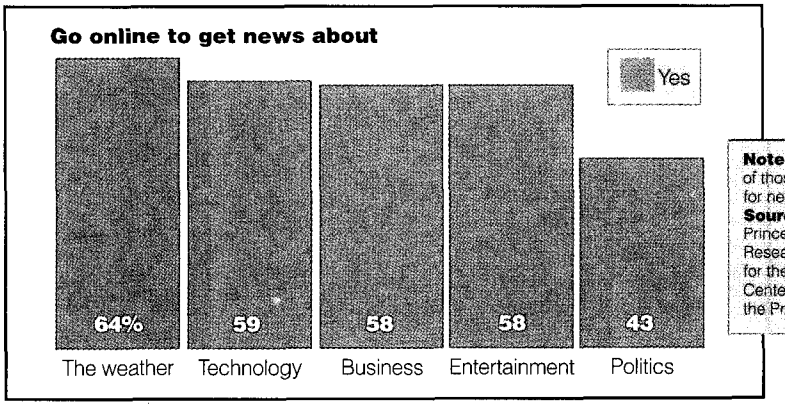
Source: Survey by CBS News, December 1999.

Question: Have you used or will your family use...



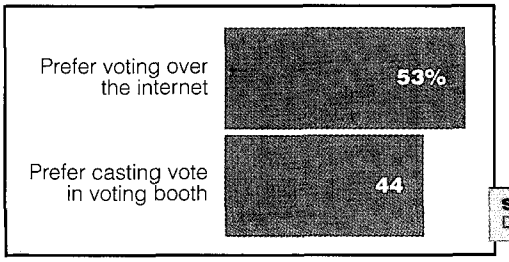
Source: Surveys by the Gallup Organization for CNN and *USA Today*, 1990 and 1996.

Question: Do you sometimes...?

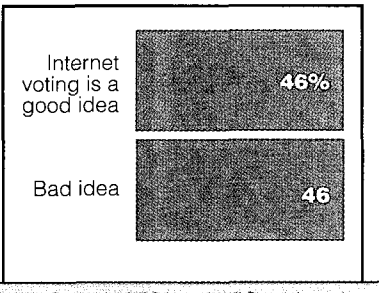


Note: Question asked of those who go online for news.
Source: Survey by Princeton Survey Research Associates for the Pew Research Center for the People & the Press, 1998.

Question: Sometime in the next few years, voting over the Internet is likely to be offered as an option to voters. Suppose Internet voting were made available in your state or district and you had the choice of going to your polling place and using a traditional voting booth or voting at home or work via the Internet. Which would you prefer...?

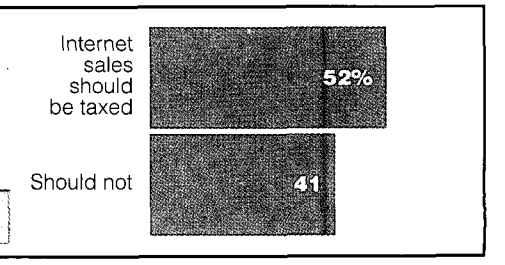


Question: Generally speaking, do you think...?



Source: Survey by NBC News/*Wall Street Journal*, December 1999.

Question: As you may know, purchases made over the Internet currently are not taxed. Some people argue that Internet sales should be taxed because without a sales tax Internet purchasing will undermine sales at retail stores, which have to charge tax on the same products, and this ultimately will hurt the tax base of states that depend on sales tax revenues to fund their programs. Other people argue that Internet sales should not be taxed because taxes will be hard to collect and will only slow down this kind of new business activity. With this in mind...



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the Mail

The title "Wrong Again" (SCAN, November/December) could apply to your reporting on the abandonment of the National Maximum Speed Limit in 1995. You display ignorance of how to analyze statistics when you assert that recent figures from the National Highway Traffic Safety Administration (NHTSA) showing a decline in highway fatalities mean that increased speed limits haven't resulted in more traffic deaths.

Annual fatality figures are a composite of many safety issues involving different causes of fatal crashes. Just as a change in the overall stock market does not mean that *all* stocks changed, changes in national fatality totals or in the fatality rate don't permit conclusions about specific safety issues such as higher speed limits. To determine if increased limits have caused more deaths, one must analyze *the roads on which the limits were raised*, before and after the limits changed, and not just compare the aggregate number of deaths on the nation's roads.

The Insurance Institute for Highway Safety performed this type of analysis and found that even on inherently safer interstates in 24 states where the speed limit was increased, deaths increased by 15 percent. Studies in other states have also shown that higher limits lead to more deaths. Minnesota safety officials reported a 66 percent increase in fatalities on roads with raised limits. Fortunately, most states have not yet raised the speed limit on the most dangerous two-lane highways. If they had, the national fatality increase would have approached the worst-case scenario forecasted in 1995 by the NHTSA.

The number of deaths on all roads from 1995-98 has fluctuated slightly and even decreased in '98, but speed is not the only factor affecting the number of highway fatalities. Less drunk driving, more safety-belt and child safety-seat use, and vehicle improvements such as air bags have saved many lives and prevented many injuries. Unfortunately, these safety measures have been offset by the additional lives lost due to increased speeds.

Increased speeds raise the stakes if one makes a driving error. At higher speeds, drivers have less time to react to emergencies or to deal with poor driving conditions. An article inaccurately portraying safety experts as alarmists sends a message to the public that passing dangerous laws and 41,000 deaths on our roads every year are nothing to be concerned about.

Ralph Nader
Washington, D.C.

Regarding Martin Morse Wooster's January/February book review of Gregory Schneider's history of Young Americans for Freedom (YAF): As one of the founders of YAF in 1960, I was astounded to read that YAF "leaves no legacy." I could list many former and current members of Congress, top Reagan administration officials, and current political leaders who started out as YAF members—including Mr. Wooster, who refutes his own claim.

Coincidentally, Karl Zinsmeister's BIRD'S EYE essay in the same issue chronicled the situation that prompted many of us in the late '50s and '60s to organize independently of the Republican Party.

Indeed, it saddens me that YAF fell on hard times. But few—except Wooster, who is too young to recall what things were like *before* YAF—can deny that the group played a major role in the transformation of national politics.

You had to be there, Mr. Wooster.

Carol G. Dawson
Morattico, Virginia

It was a pleasure to read George Liebmann's catalogue of initiatives conservatives should consider when contemplating Al Gore's plans for dealing with "suburban sprawl" ("Keep It Local, Stupid," November/December).

The Clinton-Gore "smart growth" initiative isn't just an appeal to soccer moms. It aims to dilute local power and weaken property rights in the guise of providing a more "livable" environment. Behind Gore's warm and fuzzy rhetoric about "open space" and "our natural heritage" is an effort to give Washington the final say in local zoning and land-use decisions.

Suburbia can be tacky, congested, and downright monotonous, but that's no reason to turn its management over to the feds. Thanks to Mr. Liebmann, we know there is an alternative.

Bonner R. Cohen
Lexington Institute

Kudos to all of you for the engaging articles that fill the pages of *TAE*. To those of us in the heartland, your in-depth discussions of current topics are not merely welcome, they are vital to our sanity as we are bombarded by horrendous "stuff" coming out of Washington. Reading *TAE* cover to cover is a pleasure regularly awaited in our household.

Meg Molyneaux Courter
West Des Moines, Iowa

The American Enterprise welcomes your comments. Send to "The Mail," The American Enterprise, 1150 17th Street N.W., Washington, D.C. 20036. Or fax to (202) 862-5867. Or e-mail TheAmericanEnterprise@compuserve.com. Please include your address and phone number. Published letters may be edited for length and clarity.

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"Sir, could I handcuff this man to you? The policeman escorting him to Phoenix got bumped from this flight."

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"We'd like to be seated near people with stimulating conversations."

"I'd like the prime rib with a baked potato and my husband would be happy to bite the end off some cheese and chug milk straight from the carton."

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Is Traditional Art Experiencing A Renaissance?

Think Tank, the weekly PBS program on ideas and policy, examined this question in two recent programs.

We struck a resonant chord. We received more mail regarding our program on sculptor Frederick Hart than from any previous show. (Prior record holder program: Milton and Rose Friedman.) Then our Norman Rockwell program, which aired as the widely acclaimed Rockwell touring exhibit opened, broke our record set by Hart!

Suffice it say, many Americans have a big problem with much of modern art. They seek the nobility that Hart spoke of.

We think this question of a "re-traditionalization" within American art—across the board—deserves further examination. We are in conversations with PBS now and expect a time slot and partial funding for a prime time special to air this year.

We will need underwriting help from corporations and foundations. Please contact:

Doug Anderson 202-862-4882
(doug.anderson@nrmedia.com)

or Ben Wattenberg 202-862-5908
(bwattenberg@aei.org)

"Public Art Can Serve No Higher Purpose Than To Reveal And Embody The Nobility of the Human Spirit"
—Frederick Hart

Think TANK viewers say "Yes"

Rockwell was truly an American art form....something of our very own.
Brenda Clark

I thoroughly enjoyed your interview with Frederick Hart. His work is fabulous. Any chance of encouraging "the powers that be" to do an extended program on the artist and his work?
Sandy Boyes

The fact that many museum board of directors turned a cold shoulder at the idea of having the Norman Rockwell exhibit stand in their institutions shows just how much these so-called 'art experts' are out of touch with what the majority of Americans are thinking. And that is a crime.
Steve Kastenbaum

Frederick Hart should be declared a national treasure. That he has not received critical acclaim for his magnificent works is a disgrace! American art has lost it's way by focusing on freedom of expression and marketing success. Mr. Hart's untimely passing is a sad loss to American art. Keep up the good work in choosing and exploring the subjects for your programs.
Michael Navatta

Hart presented ideas that are shared by most Americans but shunned by the media and the artistic community. I thank you for this enlightening half-hour.
Allen Roth

I am not an expert on art by any stretch of the imagination, but I felt compelled to express my views on Rockwell's art because I believe he was a very important vehicle for capturing scenes from the 20th century—I think he was an excellent artist.
Frances Young

Think TANK
With BEN WATTENBERG

Funding for Think Tank is provided by the John M. Olin Foundation, the Lynde and Harry Bradley Foundation and the Smith Richardson Foundation.

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